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The CREDIT WORLD

OCTOBER, 1940—Vol. XXIX, No. 1



SEATTLE—SEAPORT OF SUCCESS

An airview of the metropolitian business district of Seattle, with the streamlined ferry "Kalakala" in the foreground. In the upper right-hand corner is Lake Washington, and to the left can be seen a part of Lake Union, with Mt. Baker looming in the background.

Seattle is the home of the Retail Credit Association of Seattle, one of the active National units in the great Northwest.

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THE ONLY MAGAZINE DEVOTED EXCLUSIVELY TO RETAIL CREDIT



No Parking

Today practically every city is faced with "PARKING" problems, particularly in its shopping districts. Time restrictions have helped to alleviate some of the problems.

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Authors of the Month



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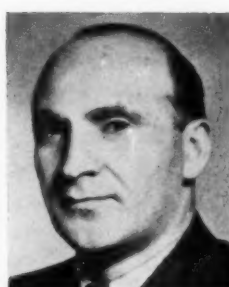
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The Age of Opportunity

By ROBERT A. ROSS

Credit Manager, Neiman Marcus, Dallas, Texas
Chairman, Educational Committee, National Retail Credit Association

MORE than a hundred cities, large and small, have successfully conducted Credit Schools using as a text, *Retail Credit Fundamentals*, by Dr. Clyde W. Phelps, of the University of Chattanooga. All are enthusiastic about their accomplishments.

With conditions changing rapidly, with new circumstances and new opportunities to meet, *now* is an ideal time to organize and conduct a Credit School in your city. These study courses:

1. Bring seasoned credit executives together for study and counsel on current practices.
2. Give junior credit office workers a broader understanding of modern credit policies and practices.
3. Promote credit cooperation in communities where schools are held.
4. Invigorate and inspire local Credit Associations to greater accomplishments.
5. Promote closer and fuller cooperation between credit executives and the credit bureau to their mutual benefit.

For those Associations that have already conducted schools using *Retail Credit Fundamentals* as a text, *Streamlined Letters*, by Waldo J. Marra, Correspondence Director, Bank of America, San Francisco, California, has been published by this Association for use as a second text in our educational series.

This second course has been organized for the purpose of acquiring the faculty of extending personality through business let-

ters. It is estimated that 75 per cent or more of the contacts of many credit offices are made through correspondence. It is important then, that every letter fill the dual obligation of accomplishing its chief purpose and at the same time building good will.

Streamlined Letters is thorough, practical, and has been especially written for use in credit office correspondence under the supervision of the Educational Committee of this Association. This assures it to be the best modern thought of practical credit executives at the present time.

This troubled age is also an age of opportunity. It is reliably reported that more adults are studying in vocational schools this year than ever before in the nation's history. Credit management must, therefore, keep abreast of this fast moving era.

You are interested in greater personal accomplishment; you are also interested in increasing the profit of your firm. In preparation for both, we commend without equivocation a Credit School in your community this fall. Your Educational Committee stands ready to lend you every possible assistance.

Turn to page 14 of this issue of *The CREDIT WORLD*. Fill out the coupon *today* and send it to the National Office. They will send you free of charge, their new brochure, *How To Organize and Conduct Credit Schools*. It will help you in organizing and conducting a Credit School in your community.

*The Credit
Students
of Today*



*Will Be the
Credit Executives
of Tomorrow*

This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association. Authors have been invited to express their personal opinions which may not be those of this Association and we assume no responsibility for them.

By HERMAN OCHS

Chairman of the Board,
Wolff and Marx Company,
San Antonio, Texas

The Credit Function in Retailing

In this address given before our 28th Annual Convention in San Antonio, June 17, 1940, Mr. Ochs gives us a broad and comprehensive viewpoint of credit, described as visible and invisible—visible credit made manifest by a physical transaction or material exchange of merchandise or service, and invisible credit or character which is far more important and precious because if we once lose it we cannot get it back.

I WANT YOU to go with me in spirit and see if we can't look at this matter of credit in its broadest possible sense; in its more comprehensive sense. I am not going to limit myself to a credit which can be evaluated in dollars and cents, but rather that other credit, invisible credit, that credit which is not made manifest by a visible or physical transaction, let us call it the *real value of credit*. Is it precious? We speak of precious things, of precious possessions, is credit one of them? It certainly is!

Today, you and I are making history, individually and collectively, from day to day as our life goes on. "All the world is a stage," says Shakespeare, and we are actors and we are being watched; just like we are watching others, they are watching us.

I was speaking before a number of employers some time ago and I heard one of them say in his address: "Employees need watching, you have to watch them all the time." Those were his words. I answered him and said: "So do you, and you are being watched, don't worry. They are watching you just as you are watching them and, as you see their shortcomings and their frailties and their weaknesses, they see yours. And they have got an edge on you, they can talk to each other about yours, while you can't talk to them about theirs. They are watching you, and if they don't see in you a master of the game, then you better watch yourself a little while instead of watching them, because if they see in you a master of the game they will need less watching."

History in the Making

So, we are making history. You know, there is a term that we usually look at in entirely too narrow a sense when we talk about history. We talk about political and military history, but there is peacetime history that is far more important and, truly so, we are making history as we go along.

We are making not only military history, but we are making peacetime history, by our attitudes, by our

policy toward the problems of life. They may not be recorded boldly on the pages of history, but they are recorded in the minds and hearts of our fellow-men.

So, we are making history and we pick out the precious things, and we talk about precious things. Is money precious? No! We speak of precious metals. Are there any metals worth being called precious? No, they are valuable but not precious. There are only a few precious things. *The only precious things in life are those which, when we lose them, we cannot get them back.* Those are the only precious things, among them, life, liberty and, I would say, credit. Not only that credit that is exemplified or made manifest by a physical transaction or material exchange of merchandise or service, but that invisible credit which is far more important, far more enduring, far more lasting. That is the credit which is precious, because if we once lose it, we cannot get it back.

Invisible Credit

I can spend a lifetime, spend fifty years in walking the paths of righteousness, in living honestly and honorably before God and man, I can give an account of my stewardship, and I can ruin it in one act and it is gone forever; while I might lose the money that I have, there is a chance of getting it back. Consequently, that brand of credit that you are dealing in isn't nearly as precious as that invisible credit. One is a visible credit structure which we can see and behold, the other is an invisible structure called character, which is constructed in the minds and hearts of our fellow-men, and treasured so much higher. So, from now on, let us look at it from that broad, comprehensive view of credit.

I do not think you would want to extend this ordinary credit to anyone who did not have this invisible credit, who did not have any character. After you examined him closely and knew he was wealthy and only wanted to buy a little, you would say: "I will credit him, I will get it somehow, if he does not want to pay," but

it would be so much better if he had some of that invisible credit.

Credit is Precious

That is my thought No. 1. I would classify credit among the precious things to have and the precious things we guard. We guard our life, our health, our liberty and in like measure we should guard our credit.

We belong in this lower atmosphere of "Thou shalt!" and "Thou shalt not!" We are so limited in our actions. Why don't we rise to that higher law, that higher understanding of Faith, Hope, Charity—honesty, dependence, goodness, reliability, long suffering, kindness? We can dispense that in any measure and have more left than when we started.

Now, our education, what is the real object? Is it not to send boys and girls out into the world to make a living, an honest living, and they should not work too hard, because the more education they have the easier they can get by? If anything is wrong, that is. We should prepare them to go out into the world and work as much as they possibly can, and earn as much as they possibly can, because that is the only thing that is theirs, that which they earn. To a great extent we, in our system of education, are trying to make race horses out of every jackass in the country. It can't be done! We do not need any race horses. Mules are of far greater value to a community than race horses.

The Struggle

Life is a struggle. It started when we were born; when our mother gave us our life, that was all she could do for us. Up to that point, we lived as a parasite, and, from then on, we were on our own. We struggled for breath, and if it didn't come, the doctor gave us a spanking until it came, and that struggle is going to keep on. You know it is going to keep on, and we had better prepare for it, not as *easy* as we can go through this world, but as *good* as we can go through this world.

We want our boys and girls to make a life, not like the dumb brute, just a living. We want to make a life in that higher atmosphere, a life of service. That is the point I am driving at, and in your business you can certainly be of service.

In your hands lies to a great extent that power, that great power which is a most important factor in the proper distribution of wealth. Human desires and emotions and rights enter into the credit world. Have you ever heard it said: "It does not make any difference what happens, the world owes me a living"? He is deceiving himself. The world does not owe you or me anything, because we didn't bring anything; we didn't come in with a credit balance. And when we go out, we take nothing out. We are only worth what we earn, that is all, and we better get busy and earn something if we want a credit balance.

Why We Do Things

What makes us do things? What are the emotions and the impulses that make us do things? We do eighty per cent out of selfishness. We extend some credit even if it is a little shaky. The customer can go across the street and get it, so we will extend it anyway. Eighty per cent out of selfishness.

Can we prove that? Suppose I take you aside and whisper to you that I want to go into something and make money, what is the first thought that comes into your mind? "What am I going to get out of it? What does it mean to *me*?" That is about right, eighty per cent of the things we do are for selfish reasons.

Then we do about ten per cent out of sentiment. We go to church every once in a while; we have to give something to missions and something to charity, or people will think we are heathens. We do a few things out of sentiment, and very few out of common sense, which pays good dividends. Selfishness causes a wreck, but common sense is making a life. By real honest-to-goodness service, the application of good common honest sense, we can make a life. Those are the impulses that can make us do things.

Our Job More Difficult

A retail credit manager's job is certainly more difficult than other types of credit managers. The credit manager for a manufacturer does his own billing and collecting, and their terms are pretty well established. If I want to buy something from them, they want to see my operating statement and they go into the records of Dun and Bradstreet and find out what I am worth. If I cannot pay it, it will come "bill of lading attached." However, the retail credit man has to meet the man and his wife, he has to meet the individual, and each case must be tried on its own merits.

There is where the emotions and the impulses enter. That is why retail credit administration is the most important equation in the field of business, of commerce, of industry. When it gets finally to the retailer, to the consumer, that is the most difficult and the most important point; that is where human relations come into play, and credit managers should have an unusual amount of intuition, personal intuition.

Human Relations

In our large institutions, our institutions of higher education, we have departments or we have a chair of everything, of literature, of languages, of engineering, and what not. I would like to add one to study human relations. Is not the human equation, the cause of humanity, the greatest thing in this world, really the only thing in this world? Everything that was created in this world, in the universe, is all for the human element. That is the proposition that the retail credit man is up against, to deal with that human equation. He listens to their emotions, to their thoughts, and to their reasoning, and he merges with them and they make an agreement.

Credit really is an expression of confidence and of trust. I always feel sorry for the customer who says: "I would like to open an account" in a humble way, and then he tells his life's story and why he has to ask for credit, and if he has accounts in other stores. I would like to be educated to a point that I could look right through him and see whether or not he is telling the truth. However, we must make an investigation and it is bound to leave a little bad taste in his mouth. He goes away; it takes two or three days; he calls up: "No, we haven't found out all about you—you are such a liar—but we will finally find out all about you." After that credit is really established, don't you think he feels a little resent-

ful? He says: "Well, he certainly doubted me, and I am going to take my good time to pay for it." They like revenge; it is human nature.

I would like to establish a chair or department of human relations to teach credit men like we teach diplomats because we want to establish in the people of our community faith in our institutions: that they are right; that our merchandise is honest and good, as we represent it to be; that the price is right; that the style is right; and that everything is correct.

Faith

Faith in the community is the greatest asset we can have. And while we are talking about faith, that applies to every field of human endeavor. Faith is the greatest power in the world, the greatest constructive power, and fire is the greatest destructive power. If the people have no confidence in our store, they have no faith, they are not going to come and buy from us, no matter if we have the best in the world.

Is the credit manager a member of the sales promotion department? Is he a member of the advertising department? Of course, but only indirectly should he be. He should not entice the public by certain plans, certain budget plans or time payments or whatever it may be, to come and buy. I would hold the credit office so high that I would not join in certain kinds of advertising that you have seen, and write in that same ad "Open a budget plan—charge it." You walk up and down the street, you see signs on windows, "Your credit is good—no down payment." It does not sound good to me. I don't want that kind of credit, it is too easy to get. I want to work for what I have.

Credit Executives and Advertising

If I were a credit manager, I would not want to join in with an advertisement, for instance: "I have a new big, comfortable chair or davenport that is worth \$79.00—tomorrow \$59.00. With every one of them we give a set of dishes, and you can charge it on the budget plan." It does not sound right to me, because you know the customer is paying for the davenport, and also for the dishes and for the service charge, and then there is going to be a profit left over. No, honesty and morality sound much better to me. If I were dealing in refrigerators and I had to give a pig or rooster with every one, in order to sell them, I would try to sell something else. I don't think very well of such advertising.

What about war and democracy? Let us look at some of those things for a moment; let us look at the world. What do we see? It is obsessed with bigness, isn't it? It is obsessed with bigness in such a degree as it has never been; politically, industrially, economically, socially, educationally, and every other way, it is obsessed with bigness.

Cost of Preparedness

Do you ever recall such armaments, such standing armies, such an air force, such warships? Never has the world, politically, had anything like it. Financially, as far as our Government is concerned, we have a debt of almost fifty billion dollars. We just quote figures like that and it does not mean anything.

We do some awfully funny things and peculiar things in this democracy and this world. With much labor and much perspiration, we dig gold out of the ground, and then we refine it, we look at it and it looks so good, we put it back in the ground. Then we borrow money!

What would you think of a man who would come to you and tell you that he wants to open a budget account or charge account, and when he relates his life's story, he says he has \$100,000 buried in his backyard?

This world is obsessed with bigness in industrial institutions and such as that. Have they accomplished what we want them to accomplish? Are we

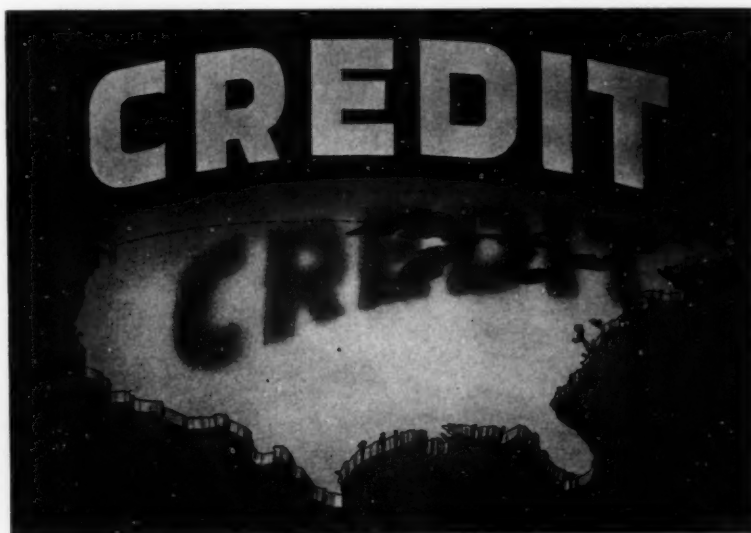
living in peace and dignity and security?

Democracy

Let us look at another point—democracy. Just recently, I was asked to go to one of the clubs, and a visiting gentleman came in, a lawyer from out-of-town, and he said he doubted whether democracy can be maintained, can endure. I said: "Oh, yes it can. All you have to do is to try it. It will endure. Democracy is all right, if you try it."

A man once said to that eminent divine, Dr. Henry Van Dyke: "If you look at the world and see wars, hear rumors of wars, see crowded criminal dockets, you must admit that Christianity has failed." Dr. Van Dyke said: "No, it has never been tried. You just try it—it won't fail."

Let us get up in the air, in spirit, and look down on this democracy, by the grace of God, the greatest on earth. Let us look down on the American Government and see whether we have acted so beautifully and are really practicing an honest-to-goodness democracy. Are we living so wonderfully? Are our politics so clean



and pure and beautiful? Our religion, is it undefiled, and our financial transactions, our economic setup, is it so pure and so beautiful? Why have we overflowing penitentiaries? Why have we such crowded criminal dockets and all such as that?

Righteousness

We have drifted from the bounds of righteousness. They have tried to do it by law, and it can't be done. It has to be done by precept and principle. Our skirts are not clean. We have to mind our own business.

As long as we live a life of usefulness and devotion, applying the precepts and principles, the attributes of Christ the Savior of the world, then our democracy will endure. Then we will be making a life instead of a living. And then if we run our business in such a manner, we will not have to give our customers enticing plans, and "easy payments."

We don't want to make things too easy. We want to work for what we desire, and we want to earn it; and we want to earn a little more, just a little more than we need for ourselves, so we will have something to give to someone else. In other words, "Walk the paths of righteousness, of honor, of dignity, and of truth."

The Changing World

The world has changed, things have changed entirely, our manner of living has changed, our politics have changed, industry has changed, business has changed, advertising has changed. *But one thing has not changed, and it applies to credit, it applies in every field of human activity, in every human field. Right is still right, and wrong is still wrong; good is still good; and evil is still evil, and it is not going to change.*

What are we going to do about it? We better walk the paths of righteousness; do things in honor and in dignity. Those are the things that will endure, and other things will not endure. The Lord said so when He said: "Be not deceived; God is not mocked. Whatsoever a man soweth shall he also reap."

Credit is the cornerstone of commerce, of industry, of business, and that structure will stand if that cornerstone will hold. Let us not go too far. Let us not also be obsessed by bigness like this world is obsessed by bigness. It has not brought about what it should have brought about, otherwise we would not have this unemployment and these sad economic conditions.

For: BUSY MEN

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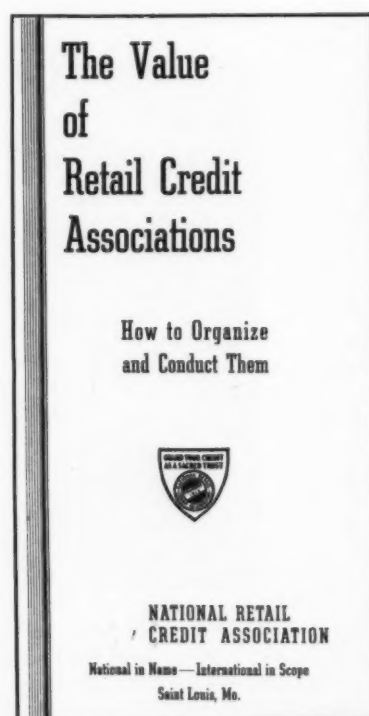
Automatic File & Index Company
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Another Valuable Booklet

A NEW BOOKLET has been made available by the National Office for its members, entitled *The Value of Retail Credit Associations*. It was prepared especially to show how credit associations should be organized and conducted, and contains:

1. A copy of membership agreement.
2. Suggested constitution and by-laws.
3. Association activities.
4. How to make meetings interesting.
5. Educational campaigns.
6. Legal work.
7. Collections.
8. Pooling of claims.

And other valuable information.



Published at the request of many of our members, it fulfills a long felt need. In a recent letter, Mr. R. F. Rhoads, Manager, Retail Credit Association of Pawhuska, Okla., said:

I have read your little booklet 'The Value of Retail Credit Associations,' and believe it is one of the most constructive pieces of literature for a small credit bureau manager that has ever been sent from the National Office. The spirit and enthusiasm that is obtained when you study this booklet is great, and from it we have planned our program and will start regular credit luncheons each week. We intend to follow this booklet in conducting our credit luncheons as there are some wonderful ideas in it.

Cities desiring to organize a credit association, or those National Units interested in keeping their members alive to their activities, will find this booklet a handy reference guide. It is obtainable, free of charge, upon request, from the National Retail Credit Association, 1218 Olive Street, St. Louis, Mo.



Letters To The Editor

"We are enclosing check for \$2.00 for Department Store Group Conference Proceedings of the Convention which was held in San Antonio, Texas. In reading over this, the writer finds a great many worthwhile ideas, and although unable to attend the meetings, a great deal of good can be obtained from one of these books."—Ruth Vandenhule, Credit Manager, Fantle Brothers Company, Yankton, S. D.

"Congratulations on the new streamlined September CREDIT WORLD. It certainly has plenty of eye appeal and is an indication that our National Office is on its toes and keeping abreast of the times."—W. L. Brian, Credit Manager, Joske Brothers, San Antonio, Texas.

"Your editorial 'The Draft and Collections' in the September CREDIT WORLD is timely and important. The information regarding draft legislation, the reference to terms, guarantees, etc., is something no one extending credit should overlook. We cannot sit back and think that since nothing serious happened to us in the last war, the same will be true this time. Installment selling has been highly developed; standards of living have increased; and in many cases the customer has very little equity in his purchases and terms are very long. Please send me six copies for distribution to each credit man and interviewer."—A. C. Wehl, Credit Manager, Gimbel Brothers, Milwaukee, Wis.

"We like the manner in which you dressed up the September CREDIT WORLD. We believe it renders our magazine more attractive."—C. M. Reed, General Manager, The Retail Credit Men's Association, Denver, Colo.

"I wish to express my satisfaction as a result of having attended the San Antonio Convention. It was a huge success in many ways—the speakers were exceptionally fine and, I am sure, that all who attended returned home with an abundance of practical ideas which could be applied to their own business problems immediately."—Frances H. Pratt, Secretary-Manager, Pasadena Merchants Association, Pasadena, Calif.

"May I say sincerely that the San Antonio convention was the finest I ever attended from the standpoint of speakers, subjects and good fellowship."—J. A. White, Credit Manager, Harris Stores Co., Pittsburgh, Pa.

"The National Convention in June was outstanding in many respects and we believe that one of the principal reasons for the huge success was the publicity that preceded the Convention. This applied to all of the units which assembled, but we would like to call particular attention to the benefits which the credit bureaus derive from such publicity."—A. C. Stevensen, Secretary, Retail Credit Association of Minneapolis, Minneapolis, Minn.

"Please accept my heartiest commendation on the September CREDIT WORLD. The new cover is typical of everything we have been striving for."—Robert A. Ross, Credit Manager, Neiman-Marcus, Dallas, Texas.

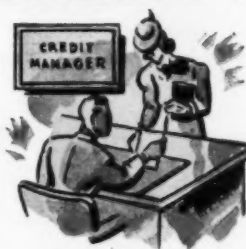
"In my estimation, the recent convention at San Antonio, demonstrated fully, the value of experience, competition, enthusiasm, and initiative. It was a huge success from all angles, and I want especially to mention the recognition we, as bureau managers, and the service-arm of the 'National' received from the convention as a whole."—Alfred C. Moreau, Secretary-Manager, The Hartford Credit Rating Bureau, Inc., Hartford, Conn.

"I have read with interest your page on Better Letters by Aline E. Hower. Several years ago, I attended a lecture conducted by Miss Hower in your city, and to this day I think she is 'tops' in selling customers on paying their bills and keeping public relations on a high standard."—J. A. H. Dodd, Credit Manager, Portland Gas & Coke Company, Portland, Oregon.

"The San Antonio Convention was a complete and outstanding success. This was my first national convention, and one of the things that impressed me most was the favorable publicity received by the A.C.B. of A. The serious and serviceable place we hold as exhibited by the National Retail Credit Association is gratifying, particularly to a newcomer. This publicity is needed not only to increase attendance at future conventions, but to make credit bureau managers realize and accept a definite responsibility in the credit world."—G. P. Johns, Manager-Secretary, Decatur Credit Rating Bureau, Decatur, Ill.

"I want to express to you, and to the Directors of the N.R.C.A., my personal appreciation for the fine type of convention publicity, and particularly the fine publicity received by the Associated Credit Bureaus of America."—James D. Hays, General Manager, Harrisburg Credit Exchange, Harrisburg, Pa.

FOR SALE— CREDIT!



Do you have these worries in the credit department? Oversize bookkeeping costs? Bad collections? Lopsided charge accounts?

Why not *sell* credit—instead of giving it away? Hundreds of stores all over the country are doing it with Rand McNally Budget Coupon Books. They're enjoying *safer* credit because it's better controlled. They're cutting departmental costs with simpler bookkeeping. And they're proving the popularity of this modern system with increased sales.

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RAND McNALLY BUDGET COUPON BOOKS

The Retailer And the National Defense Program



By **Dr. DAVID R. CRAIG**

President, American Retail Federation, Washington, D. C.

RETAILING CANNOT contribute planes, tanks, guns, or munitions to the national defense program, for it is a non-military industry. It obtains goods and supplies them to the public. In wartime, just as in peacetime, the retail industry is the quartermaster for the civilian population.

This is not a dramatic task, but it is an absolutely indispensable one. A modern total war is not only a shooting war; it is also a living war, and depends for its outcome in large part on the state of civilian living. In 1918, Germany collapsed first at home, not on its western front. Civilian morale can be supported for a time by glowing reports of victories, but unless the civilian population can buy food and clothing and shelter, military success is in vain. Thus the major contribution of the retail industry to the national defense becomes the maintenance and strengthening of the home front.

Help Maintain Living Standards

If civilian morale depends on standards of living, then the primary concern of the retail industry must be with these standards. The task of the retailer in the interests of national defense is to keep right on obtaining and offering the right goods at the right price. He must be active in defending the civilian population against the attacks that may inadvertently be made on the standards of living of the nation, especially at a time when the productive capacity of the nation is not yet subject to strain, and when in consequence there is no military need for tightening civilian belts.

We are told that the whole of the present defense program, even when it is added to current civilian consumption, will utilize less than our maximum existing productive capacity. If that is so, there is no need to sacrifice civilian needs for war purposes—not yet. Later, if the need comes, the comfort and the standards of living must yield to the war. But it would be a mistake to ask for civilian sacrifices that weaken morale until we have absorbed into our economic system all the men and money and resources that now stand idle.

Shock-Absorber

That is why the retail industry stands as a shock-absorber between our usual peace and our sudden preparation for war. Specifically, the retail merchant needs to keep in mind the flow of goods, and more particularly the prices which the civilian population must pay for goods. In times like these, some prices tend to rise faster than income. To be sure, there will be temporary bottlenecks. In some instances, shortages are likely to develop for a while. Where they occur, retailers can be of help in developing and offering adequate substitutes to tide over shortages.

At the same time, retailing has a responsibility to turn its face, as an industry, toward government. If it can present an organized front and a well-organized, efficient machine, it can be useful to the government for the quick and accurate collection of information and for communicating with the millions of its daily customers, as well as its employees. So long as possible—that is, so long as civilian production does not interfere with military planning—the work of the retail business is to maintain the standards of living of the civilian population.

The merchant can fulfill his defense obligations in his relationships to four groups: his suppliers, his fellow-merchants, his employees, and his customers.

Retailer and His Suppliers

In discharging his regular function as purchasing agent for the consumer, the retailer can try to prevent unnecessary and unjustified interruptions in the flow of goods from producer to consumer. Military buying may develop shortages, but *the retailer is under obligation not to rush into the market either hysterically or speculatively in order to beat price increases*, and to discourage—wherever he finds them—unjustified open or hidden price increases at any distributive level. Hidden price increases come in various forms, primarily in new arrangements of terms and discounts and in the lowering of merchandise quality at a given price.

Editor's Note

What is the relation of the retail merchant to the national defense program? This question will be the subject of a series of four articles by Dr. Craig.

This, the first article of the series, outlines the kind of contribution retailers can make toward the national defense program.

The second will describe situations which are likely to confront retailers as we change from peacetime to wartime economy.

The third will show what has happened to retail merchants in two countries actually at war—Great Britain and Canada.

The fourth will describe the activities of the American Retail Federation and the preparations which it is making toward national defense.

The strongest weapon for resisting unwarranted increases is publicity. The merchant who informs his trade association of increases which seem to have no warrant, will enable organized retailing to put on manufacturers the choice between justifying the increases and facing public condemnation during a period of heightened patriotism.

It may become necessary to suspend the operation of anti-trust laws in isolated cases of military production. The retailer can be vigilant to prevent the suspensions from spreading beyond these isolated cases to the production of goods which consumers use. In consumer goods, full and open competition is indispensable.

When and if price rises become necessary and inevitable, retail merchants can guide manufacturers in the least offensive methods of passing the price increase along to consumers. Retailers can protect consumers in two ways against concealed changes in merchandise quality. First, merchants can avoid stocking qualities so low that they will not serve their purpose. Second, they can continue to stock lower grades of good enough merchandise which present a higher use value than more expensive grades, at a time when consumer incomes may not have caught up with rising prices.

Retailer and His Fellow Merchants

If retailing can regulate itself, it can avoid the kind of government regulation to which it was subjected in 1917 and 1918, and the kind which was imposed in 1933 with the NIRA. To this end it is necessary to establish a simple system of two-way communication between the retail industry and the government; it is necessary to acquaint the government with the special problems that are faced by the retail trade and the possible effects which any planned government action might have on the retail industry. It is also necessary to place retail industry on the same level as other highly organized major economic groups, like manufacturers, farmers, and labor.

These needs call for the united effort of a united industry. Factional disputes within the industry can and probably will continue, but if the retail industry is to make its maximum contribution to the national defense, its component trades must set aside these disputes, even if only temporarily, and work together on the basic issues which concern them all equally.

Retailer and His Employees

In the early stages of the transition to a wartime economy, retailing can see that all of its employees who wish to take part in military training will have an opportunity equal to the opportunity of employees in other industries. For example, it can continue the wages of employees during national guard and other military training maneuvers as other industries are doing.

The retail industry can watch the development of the price situation and adjust its wage scales to compensate for any price increases—as far as possible and necessary—so that the standard of living of its employees will not be at a disadvantage in comparison with the employees of other industries.

If the United States should actually become involved in war, or if there should be a general draft for military service, it is likely that retailing once more will be regarded as the stepchild of the economic system and

will need again and again to stress its function as quartermaster to the civilian population. The question of specific exemptions will have to be decided on the basis of urgency. If the enemy should be at our doors or immediately overhead, questions of civilian welfare can be put aside. If not, retailing has a right to remind the authorities that its service to the American people is of major importance.

For any of its employees who may be drafted, the retail industry can provide full security of jobs and job rights after the war is over, and the least possible loss of income, although there is some question how far this guarantee needs to extend to those who are employed to replace workers taken in the first draft.

Retailer and His Customers

If the retailer is not only the supplier of merchandise and service to consumers but also an economic adviser, it is in his relationship to consumers that his major



national defense responsibilities lie. The consumer finds out about events in the economic system mainly in the retail stores and depends on the spoken or unspoken advice of the merchant. This advice may decide whether the consumer will continue his normal buying habits or whether he will be pushed into hysterical or irrational behavior which fluctuates between hoarding at one time (or in one commodity) and a buyers' strike in another. If the advice which retailers give happens to influence consumers into either of these two varieties of hysteria, the result must be sudden shortages, sudden surpluses, and violent price fluctuations which will be a direct invitation for rigid government controls.

The retailer's advertisements in papers and on the air, as well as what the salesman says across the counter, may have as much to do with the prices of goods in the future as the available supply of raw materials and labor. Retailers who frighten consumers into buying today by

threatening price increases tomorrow will be driving prices up just at a time when sanity requires all possible delay in price increases. This artificial stimulation of business is not likely to include more total business or more profit, for it brings in its wake expensive peaks, followed by abrupt drops, which must be corrected by markdowns. Moreover, jitterbug advice of this kind may stimulate buying in one type of goods and restrictions in other kinds.

There are several ways in which retailers can maintain satisfactory relations with consumers in the interests of national defense. They can be summarized as follows:

(1) They can avoid forcing business by threatening future price increases.

(2) When price increases become necessary as a result of increased costs, retailers can soften the impact of the increase by averaging the prices of previous stocks with the new, more expensive goods.

(3) Retailers can inform consumers about price increases and the reasons for them. These reasons are especially important when identical merchandise must be marked up. When the increase is a hidden one, as a result of quality reduction on an item whose price remains the same, consumers have a right to know that the new goods are not the equal of the old.

(4) When goods which make up an important segment in the living standards of low and middle income groups rise in price more than the incomes of these groups, retailers can offer merchandise of satisfactory quality at the same time that they reduce distribution services and distribution costs. If the difference between prices and incomes in these goods and these groups becomes substantial, the retail merchant can educate these groups of customers to the use of satisfactory substitutes at lower prices.

Fundamental Changes Involved

The national defense program will impose fundamental changes on our economic system. In these changes may be concealed the danger that some economic groups will seek to take advantage of other economic groups at the same time that they wave the banner of national defense. The major emphasis in a war economy changes from consumption back to production, and this new emphasis exposes consumers and retailers alike to easier exploitation. Retailing's vitally important contribution to national defense is to continue a system of distribution which can provide the civilian population with available goods at prices it can afford to pay.

Positions Wanted

CREDIT AND OFFICE MANAGER—Many years' successful experience as office and credit manager department store, credit manager public utility, senior accountant with large public accounting firm. Employed. Excellent references. Address Box 101, CREDIT WORLD.

CREDIT-COLLECTION MANAGER—At present employed. Seeking Middle West connection. Handle volume business under modern operation control. Law and Administration Graduate. Admitted to Ohio Bar. 12 years' experience. Address Box 102, CREDIT WORLD.

CREDIT MANAGER—Age 32, married. Advanced Credit and Financial Management education. Ten years' experience furniture and general merchandising. Director local Credit Association. Finest references, including Secretary local Merchants Association. Address Box 103, CREDIT WORLD.

An Afternoon in a Credit Department

By H. W. Hoklas, Credit Manager, Young-Quinlan Co., Minneapolis, Minnesota

The afternoon was just an ordinary one in the credit office. There were the usual number of applications for accounts: a customer in from Canada; a genial woman with a merry smile whose husband likes to have her pay cash; there was the housemaid who inquired diffidently about "getting credit," but whose savings account turned out to be a substantial one—much ahead of her office sisters; and the young fellow who wanted to buy that all-important person, his girl friend, just the right gift—he too wished credit. An elderly customer telephoned to see if you could tell her if she bought those pajamas and why. "How much do I owe, can you tell me?" "Oh, yes, I didn't give you my name." "You have the birthday present from my wife charged to me!"

The day was wearing on, routine was getting cleared up as fully as it ever does in a credit office, when the credit man heard a floor man say to his fellow-worker, "Just moved to town from Rockville, buying \$7.50 and wants to get the balance in change." The thought ran through the credit man's mind, "There's a name to investigate for solicitation, I must put it down. Roger Lemson, how familiar to the one on the warning of this morning." The day was no longer dull. The credit man was alert for this surely was the man sought. To telephone inquiry the answer came: "Yes, he is the man. Hold him until the police come."

"John," said the credit man, "The check's 'N.G.' Go down and chat with him so he won't get away. The police will be here in a few minutes." And then passed what seemed to be an interminable length of time. The presenter of the check was peeked at around corners while he, too, walked back and forth nervous, but secure in the thought that his real identity was unknown.

"Where is he?" demanded the police when the credit man met them at the elevator entrance. The elevator shot to the right floor. Just as the police emerged from the elevator, the writer of the check ran down a stairway aiming for outside and liberty. After him ran the credit man with the police in trail, for he was bound not to let his quarry get away. "No, this way," said the credit man as the police were about to leave the trail. And there was the blanched check writer standing in a recess silent as the darkness in which he was hiding. The usual frisking to find knives and guns, some late-comers of the police puffing up to be of help, and out the check writer walked from the store in the arms of the law.

And all the time business was going on calmly, oblivious of the drama at hand. The salespeople who chanced to see the check writer going out with his ample bodyguard said, afterwards, "Poor man, so sorry for him, he had such nice wavy, brown hair." But the credit man slept well, knowing that one more professional check writer was out of circulation. And the next day the credit man figuratively took down his trusty rifle and put one more brass tack in the butt end.

STREAMLINED

LETTERS



BY WALDO J. MARRA

**Correspondence Director, Bank of America
San Francisco, California**

This is a new book chuck-full of thoroughly practical methods that will enable the credit and collection executive to carry on his work with greater ease and efficiency. It is also of value to the general executive, the comptroller, the office manager, the correspondent, the stenographer, typist, and others. It helps you to see your work in its relation to business as a whole, answers many important questions dealing with correspondence, and prepares you for greater responsibility. Just employ these ideas and watch the results come in!

- Can you write convincingly?
- Do you plan your letters through before dictating?
- Are your letters friendly, concise, courteous, and action-compelling?
- Have you a vocabulary equal to the ideas you want to express?
- Do you have trouble in getting letters started?
- Is your "story" smoothly and compactly told?
- Do you know when to stop your letters?
- Do your letters get positive results?

These and a hundred other questions are answered for you in a clear-cut, interesting manner in this new book.

A feature of this book is that it can be effectively adapted as the text for a course in Streamlined Letters. A brochure and lectures for this purpose may be obtained by writing the National Office.

STREAMLINED LETTERS is available to credit bureaus and credit associations in lots of 25 or more for Credit School purposes. *only*, at \$2.50 per copy. Single copies, \$4.00.

NATIONAL RETAIL CREDIT ASSOCIATION

1218 OLIVE STREET

ST. LOUIS, MISSOURI

OCTOBER, 1940

11

Credit Department Letters

MR. E. K. GUSLER, Manager, Marion Credit Bureau, Marion, Indiana, presents a very interesting problem on which he would like the help of the readers of *The CREDIT WORLD* who may have had to cope with a similar situation. "One of our members," he writes, "presents this problem to me":

A young girl opened an account and purchased a coat for \$80.00 on which she promised to pay \$10.00 a month. She has been fairly prompt in her payments and in the course of time has purchased considerable additional merchandise, with the result that after over a year's time she still owes practically the entire amount of her original bill. For example, she may come in and pay \$5.00 on her account and at the same time, charge a pair of hose and a pair of gloves.

Ordinarily, the merchant opens charge accounts on 30-day terms but extends the time for larger purchases.

He regards this customer as a valuable one as she works where a large number of girls are employed, and is anxious to retain her good will and patronage. However, he feels that the proper type of letter can be used which will point out that her payments should be increased so that her small purchases will actually be paid for in 30 days.

Mr. Gusler will appreciate examples of letters which have proved resultful in similar cases.

Letters From Readers

Miss Lillian Lawrence, Credit Manager, Roat Music Co., Battle Creek, Michigan, writes: "How's this for a reminder letter? It does seem a shame that they spoiled it by failing to sign it! Probably you have seen the letter many times, but it is a new one on us."

Here is the letter to which Miss Lawrence refers:

This is the first time we of the Credit Department have had an opportunity to thank you for this order.

It is quite probable you are planning to send us your remittance and this letter is simply a reminder that payment will be appreciated.

The letter obviously pleased Miss Lawrence, and we agree with her that it is an excellent example of letter writing. It uses the powerful approval appeal from start to finish.

Miss Lawrence's reaction to the signature is interesting. The letter was signed with the name of the company, the name of the correspondent, and "Credit Department," all in typewriting. The author may have felt that no pen and ink signature was necessary, but it should have been added above the typewritten signature of the correspondent.

Mr. F. M. Hughes, Manager, Deferred Payments Department, Strawbridge & Clothier, Philadelphia, writes in part as follows:

I would like you to clarify a little further the question: Does the title of Miss need to appear in either the written or typewritten signature of a young lady? Until recently our female correspondents' mail has been going out with the initial of the first name and then signed that way. Frequently, replies would be received addressed to Mr., or they would be called on the 'phone and asked for as Mr. We changed this so that the first and last name is typed and the signature signed in full.

However, because some of the signatures are very lengthy, considerable time is taken to sign the first name in full. Then again, we question the desirability of having the recipient know the letter is from a female.

Is it against good practice to follow our first procedure, that of typing the initial and last name and signing accordingly?

Here is the answer which was sent to Mr. Hughes:

About the method of signing letters written by your women employees, you are the very best judge. It is quite all right to type the initial and last name and sign accordingly, exactly as you have indicated. You are very wise to consider the impression that your letters make on your readers.

If any of our readers have any further comments, they will be most welcome.

This Month's Illustrations

Illustration No. 1 by the Manager of Credit Sales, E. M. Kahn & Co., Dallas, offers an extremely interesting approach. Here you have a threat of a type which is probably the most powerful one they could have used. In the mind of the reader, it may mean exposure of his paying habits and possible disapproval among his friends. This letter, used with good judgment, which I am sure it is, must produce responses in a very high percentage of the cases in which it is used.

Illustration No. 2, a statement used by Cottrell's, Denver, offers an inactive account idea. So often a message about an inactive account is couched in mournful and weeping tones, and this approach is avoided very neatly by Cottrell's, in a most inviting way.

Illustration No. 3 from McKale's Service Station System, San Francisco, uses the powerful approval appeal in the opening, and a very subtle appeal to fear in the closing. Notice the cordial, friendly tone of the second paragraph, the stimulating friendliness of the third paragraph, and the climax in the last paragraph, an excellent structural arrangement. No doubt the letter is proving most effective.

Illustration No. 4 is another of the effective cards which are coming into greater and greater use. Malcolm Brock Company of Bakersfield, California, has done a splendid job in the wording of this card, which is friendly and helpful.

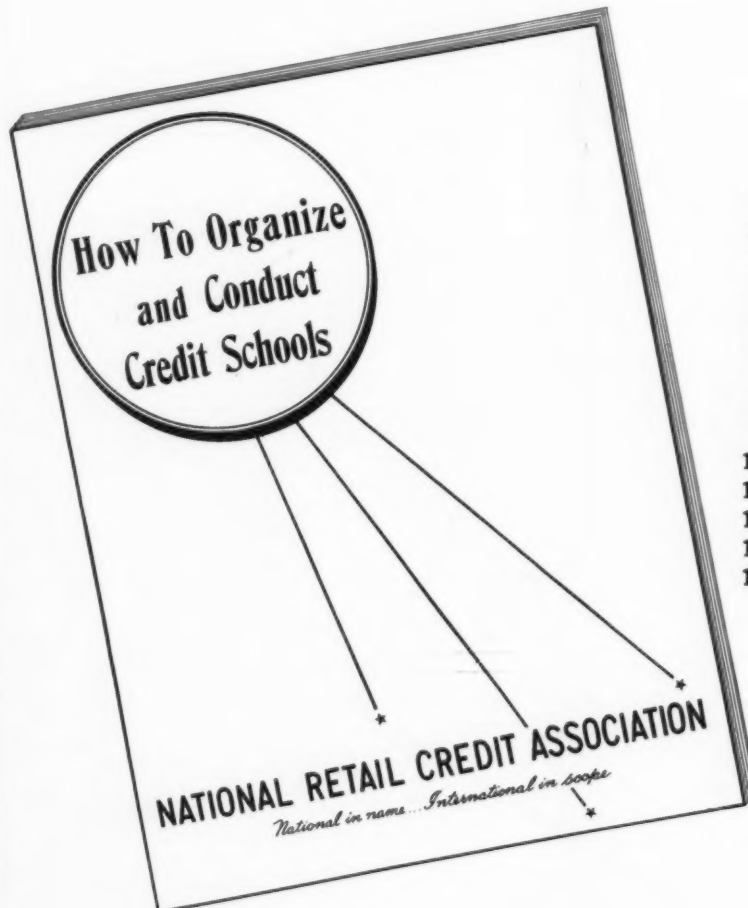
The very fact that it is a printed card should have a tendency to add to its tact and diplomacy, and it should not offend the customer, while handling a very touchy subject.

Illustration No. 5 is another threatening letter, an interesting variation of Illustration No. 1. New Orleans, with its own individuality, should respond to the spirit of this letter, and the D. H. Holmes Company deserves another pat on the back for a most tactful and effective letter.

Aline E. Hower

ARE YOU PLANNING A CREDIT SCHOOL?

This new booklet explains how to organize and conduct Credit Schools



CONTENTS

- 1—The Books
- 2—Meeting Place
- 3—Plan of Study
- 4—School Director
- 5—Lecturers
- 6—Out-of-Town Speakers
- 7—Number of Lectures
- 8—Enrollment
- 9—Enrollment Fee
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Please send me free copy of "How To Organize and Conduct Credit Schools."

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CREDIT FLASHES

New National Members

Cities reporting ten or more new National members since the beginning of the fiscal year June 1, 1940, are:

Pittsburgh, Pennsylvania.....	51
Great Falls, Mont.	32
St. Louis, Mo.	24
New York City	24
San Francisco, Calif.	20
*Bozeman, Mont.	20
Kansas City, Mo.	19
Oakland, Calif.	18
*Sumter, S. C.	18
Newark, N. J.	17
Calgary, Alta.	14
Philadelphia, Pennsylvania.....	12
*Texarkana, Texas	11
Columbia, S. C.	10

*New National Units

New 1941 Credit Manual

The new 1941 Credit Manual of Commercial Laws, published by the National Association of Credit Men, will be off the press early in November. Some of the entirely new features of this book are:

1. Quick and ready guidance in handling state and city sales tax problems affecting interstate commerce.
2. New facts in handling war orders and all other Federal Government transactions.
3. An interpretation of the excess profits bill and its bearing on 1941 earnings.
4. Clarification of recent Federal rules and regulations affecting trade.
5. A complete rearrangement of the summary of state laws on an entirely new subject basis.

The regular price of this valuable book is \$6.50. The special price to members of the National Retail Credit Association is \$4.85 per copy, if ordered prior to November 1.

Order a copy from your National Office today.

A New "Age-Analysis" Form

The National Office now has ready for delivery, a new form for use in aging accounts. This, *Form 721*, size 11" x 14", has a column for names and addresses, and seven columns for showing "Present Balance," "Current," and amounts outstanding over 1, 2, 3, 4, and 6 months. Also a wide column for remarks or collection memoranda.

Padded 100 sheets to a pad. Prices: 100, \$1.00; 500, \$4.00; 1,000, \$7.50. Postage extra. Special prices on larger quantities. Order from National Retail Credit Association, 1218 Olive St., St. Louis, Mo.

Reading this magazine carefully and regularly will contribute to your success as a Credit Executive

WHY SLOW ACCOUNTS ARE UNFAIR TO PROMPT-PAYING CUSTOMERS

BY

Olyde W. Phelps

"HAVE you ever thought about the unfairness of slow accounts? For slow accounts are unfair both to the merchant himself and to his prompt-paying customers. When a retailer charges the same prices to prompt-paying customers as to slow customers he takes unfair advantage of his customers who pay when payment is due.

Public resents practice

"There is good reason to believe that the public is becoming aware of this unfair practice. Cash and prompt-pay customers are beginning to feel that they are not getting a square deal from the credit dealer who lets other customers take longer to pay for goods purchased at the same price.

"The credit fraternity is engaged in a great and worthwhile campaign to get customers to guard their credit 'as a sacred trust.' Retailers in many cities advertise extensively to influence customers to pay promptly. It is unjust to the customer who takes these campaigns to heart and pays promptly to allow other charge customers to run slow accounts.

Who pays cost of slow accounts?

"Cash customers and prompt-paying charge customers pay

the cost of supporting slow accounts. Accounts which are seriously slow cause so many extra costs, expenses and losses that the retailer does not get enough money from them to pay for the cost of the goods and the direct expense of handling them. The loss must be recovered by charging cash and prompt-paying buyers enough extra to take care of it—unless, of course, the loss is offset by the retailer, himself, taking a smaller profit or going bankrupt."

How to handle slow-pays

How can you turn slow-pays into prompt-paying customers—and at the same time make more money from credit merchandising? In the book, "A Controlled Credit Policy," Dr. Phelps describes proved, practical methods which many successful merchants have used to control their slow charge accounts and increase their net profits. This booklet is published by Household Finance to promote better credit methods. You are invited to send the coupon for a copy without obligation.



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Our Activities and Accomplishments

*An Address delivered before the 28th Annual Convention, San Antonio, Texas,
June 19, 1940*

By MRS. CATHERINE BARTLETT

Cleveland Retail Credit Men's Co., Cleveland, Ohio
President, Credit Women's Breakfast Clubs of North America



WHEN I WAS asked to talk about the activities and accomplishments of the Credit Women's Breakfast Clubs of North America, I was momentarily appalled. But with true feminine logic I decided that I would take advantage of this opportunity to talk about our accomplishments, for I was flattered to find that our masculine group was eager to give us this opportunity to boast. They asked for it and I am sure that they will be able to appreciate these accomplishments after they have heard of them.

First of all, with a name as long as ours, we should be doing something worth while to justify our existence. There are, I will admit, women's organizations which gather for the primary purpose of discussing the latest fashions. Then there are those who find their neighbors' activities the prime excuse for meeting. We feel that we have a legitimate reason for our meetings and for our 120 affiliated clubs throughout these United States and Canada. Ours is really not a selfish reason for gathering because our activities have a civic interest for our fellow townsmen.

Meetings Built on Universal Pattern

We have built our meetings on a universal pattern, one which I shall introduce to you. Most of us meet on a semi-monthly basis. At these meetings we secure speakers whose subjects are unrelated to the field of credit. This, we stress, is for the prime purpose of bringing to all of us a broadened knowledge of the world's activities. For our speakers we choose persons who are well known in their own profession.

We have learned about programs carried on to alleviate human sufferings, the inside workings of a newspaper, the progress that has been made in correcting speech defects, activities of state institutions, current literary trends, travel, and many other subjects. You might question the importance of all this, or ask what relation it has to credit. It serves to enlighten individuals, broadens their vision, and gives them a picture of what is going on in the world about us. This is valuable especially to those engaged in the credit field.

Credit Education

When our speaker has finished, we have added something to our stature outside of our everyday contacts. We are freshened and ready to devote the balance of the meeting to credit education. This includes an interpretation of a better understanding of credit and its great potentialities, its advantages, and moreover, the difference between good credit and bad. We cover, too, good public relations, not only among the millions of consumers whom we are daily serving, but our hundreds of member organizations upon whose cooperation we so thoroughly depend. This is only a pattern upon which each group makes its own variations. Some of us have one breakfast meeting a month with a speaker and one dinner meeting a month with a credit study and some have both meetings at breakfast time, while some have both at dinner time. Being women, we gaily exercise our prerogative of being changeable, but in any case, we are all earnestly working in the field of credit and are united with a strong bond of understanding, education, and, good citizenship.

Our main purpose is not to hold meetings, however. These meetings provide us with the stimulus to handle more efficiently our daily problems which arise in the credit world. At these meetings we are able to join our forces, to pool our energies, and to initiate new methods and means for the betterment of our work.

Educating Young Women

Another purpose of these meetings is to bring into our circle that group of eager young women who are beginning their business careers. It has been said that the youngsters of today spend their working hours watching the clock and waiting for their pay checks. This is perhaps understandable if we realize that in many cases these young people are not encouraged to take full interest in their work and they are not made to realize that they form an integral part of our great picture of American business.

Given the opportunity to see that upon their interest, upon their resourcefulness, upon their energies depends the successful working of our mode of living, these same

youngsters will stop watching the clock, they will throw the energies of youth wholeheartedly into the interest of their employer. To these youngsters we bring the romantic story of credit work. Perhaps to many who have had occasion to sit through several years of this work, the romance has become commonplace, but it is still there nevertheless.

We try to give to these young women that training, that enthusiasm for their work which the men, in the necessary functionings as executives in the credit departments, have but little time to impart. We try to teach these young women the basic facts about the setup of credit and collection departments so that they may better understand the reasons for the work which they are doing.

The Spirit of Friendship

We have watched timid individuals develop. The clubs have served as a means of encouragement to these persons, affording an opportunity for self-expression.

Also, we realize that time, the greatest denominator of all men, does not stand still and we must pass our work along eventually to others. It is our hope that these young women whom we reach through the Breakfast Clubs will be competent followers in our footsteps.

Another important function which we try always to perform is that of cooperating wherever possible with the National Retail Credit Association. One of the best ways of accomplishing this, we believe, is through the establishment of genuine friendships for both our organization and the Association. This spirit of friendship reaches far beyond the members of our Breakfast Clubs. It helps to bring about a friendly attitude on the part of all credit employees. A difficult, unreasonable person can easily affect our attitude toward others. The reverse is true. Graciousness, born of a better understanding of the other fellow's problem, is also very contagious. We realize that many of the members of the Breakfast Clubs are women whose duties include detail work, whose personalities provide a bulwark between the executives in the organizations and the petty irritations which are bound to arise in the daily business whirl.

Cooperation With Other Credit Groups

Our Clubs are always ready and willing to help in any activities sponsored by their local credit groups, whether it be the planning of an annual banquet or picnic or assisting in making surveys to obtain information of value to the entire credit fraternity.

Women today are taking a saner view of their place in the business world. I say saner, because I speak comparatively of the day when women first realized their power to vote, when they first realized that they could find occupation outside their homes. Perhaps in those earlier days our attitudes were a bit belligerent. We were suspicious of every overture of friendship, suspecting that it was an attempt to keep us from gaining a rightful place in the commercial world. Now, of course, the men were not entirely without blame for there were those among them who were jealous of our slight success. Today we find a finer spirit of cooperation developing and women are ready to recognize that in business as in marriage, success depends on partnership and understanding. We are ready to concede that pulling together takes us up the hill faster than pulling in opposite directions. The im-

portance of pulling with others, not against them, the importance of overlooking the petty, personal glories to be obtained briefly as against the fine satisfaction of knowing a job well done through cooperation, is another thing we devote our attention to in our group.

The sections of our Creed which illustrate the purposes of our group are:

- II. I strive always to become more efficient.
- IV. I protect the confidence entrusted in me.
- VI. I cooperate universally for the welfare of Credit.
- IX. I maintain always, Faith, Vision and Courage.

With such a Creed as a basis for our efforts we believe we can succeed in interesting more and more credit women in our endeavors. For those, however, who adopt as much as possible a negative attitude toward everything, we might construct a decalogue of "don'ts" such as: Don't think your work is over when you walk out of the office, you still represent your organization. Don't discourage young people in their interests in your work; they have ideas too and may be glad to share them with you. Don't think that your own little world is sufficient unto itself; the world is very much around you and you should know all you can about it and this means not only the credit world.

Nation-Wide Program

These are some of those things which we have accomplished, both tangible and intangible, but perhaps the most concrete thing we have to point to now is our great sense of unity in our approach to credit work. A sense of belonging, not to a small local movement, unimportant to anyone but ourselves, but to a concerted whole. *We have constructed a nation-wide improvement program from which to draw strength and inspiration not only at national conventions, but through the twelve months behind us and ahead of us.* Along with this, there has been the increase of interest in credit work in other cities than our own, and a willingness to learn from their proved experience. The thousands of our members who cannot attend national conventions gain a wider point of view from our publication, which has now achieved printed status and bids fair to become even more than an organ of good will and credit promotion. This magazine provides a place in which local action is dramatized to the edification of our own members and provides that vital need for recognition beyond our own scope which is the capstone of ambition.

To men and women who live in cities and communities where there is no established credit women's group, I extend an invitation to organize a Credit Women's Club. Even if there are but a few credit women in your city, you have it in your power to establish a forum, a round table, a medium for the exchange of ideas in relation to our work. What you will gain is an increased interest in the future of credit work as a profession for both men and women and a greater place in the credit world for yourselves. Perhaps this is a selfish motive, but it has been said that anything we do for our profession will benefit us as individuals. *You owe it to yourselves to spread your own personal knowledge; and following this, there is no better way to extend your influence even further than to associate your groups with the Credit Women's Breakfast Clubs of North America.*

Comparative Collection Percentage

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY
	1940			1939			1940			1939			1940			1939			1940			1939			
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	
Boston, Mass.*	—	—	—	46.7	51.7	39.2	—	—	—	14.7	26.4	12.0	—	—	—	45.1	47.8	37.4	—	—	—	—	—	—	—
Lynn, Mass.	55.5	57.4	41.9	55.2	56.0	38.5	45.4	46.4	44.4	—	38.5	—	—	—	—	—	—	—	15.8	24.6	14.0	14.0	17.2	12.4	—
1 Springfield, Mass.	54.7	59.3	50.2	50.9	54.7	47.2	15.4	16.9	14.0	15.6	18.7	12.5	—	55.0	—	56.7	59.3	54.2	—	—	—	—	—	—	—
Worcester, Mass.	45.5	47.1	43.9	44.1	47.1	41.2	—	20.4	—	—	22.0	—	—	36.7	—	37.0	41.0	33.0	—	—	—	—	—	—	—
Providence, R. I.	44.2	68.7	41.7	44.1	61.2	39.2	—	—	—	—	—	—	—	11.9*	—	—	11.9*	—	—	—	—	—	—	—	—
New York City	44.6	48.7	37.0	44.0	52.4	36.6	18.6	31.3	11.5	18.6	38.0	12.3	37.4	51.4	30.6	37.3	50.1	28.0	—	—	—	—	—	—	—
Syracuse, N. Y.	38.5	42.1	37.0	38.3	39.4	36.0	17.0	18.8	13.0	15.0	21.2	12.0	—	39.0	—	41.1	41.9	40.3	—	—	—	—	—	—	—
2 Utica, N. Y.	25.5	26.3	20.6	28.1	29.3	23.6	—	—	—	—	—	—	—	37.0	38.0	35.4	34.5	36.0	32.1	12.0	12.3	11.4	10.5	11.2	9.5
Pittsburgh, Pa.	41.7	47.3	35.3	41.1	46.8	34.0	15.3	19.2	12.3	14.6	17.5	11.5	41.1	47.3	35.3	40.9	46.8	34.0	—	—	—	—	—	—	64.9
Reading, Pa.	58.1	59.3	57.0	52.1	54.2	50.0	—	16.0	—	—	16.5	—	—	46.0	—	—	42.0	—	10.3	10.6	10.0	10.6	11.0	10.2	2.1*
Washington, D. C.	39.6	45.9	34.7	40.2	45.0	33.6	14.6	17.2	12.3	14.3	16.4	12.7	—	—	—	—	—	—	—	—	—	—	—	—	—
3 Baltimore, Md.	40.8	49.0	31.1	38.8	45.4	30.0	17.6	26.7	10.4	16.7	25.6	10.0	37.2	39.5	34.3	32.0	35.2	26.5	—	—	—	—	—	—	—
Huntington, W. Va.*	—	—	—	—	48.4	—	—	—	—	—	12.1	—	—	—	—	—	27.3	—	—	—	—	—	—	—	—
4 Birmingham, Ala.	41.5	48.7	33.5	38.5	41.7	32.0	16.1	18.8	13.0	15.7	15.8	14.0	41.9	47.8	39.0	41.7	45.2	40.0	12.0	13.7	9.7	10.8	12.4	9.0	25.6
Atlanta, Ga.	30.1	32.6	25.5	30.9	34.7	25.3	12.4	13.5	10.7	12.9	14.3	11.2	28.7	33.2	24.3	29.7	35.1	24.3	10.8	12.0	9.3	11.1	13.3	9.2	—
Little Rock, Ark.	—	36.7	—	36.9	40.1	33.6	—	14.1	—	26.6	37.3	16.0	—	40.4	—	—	40.1	—	—	—	—	—	9.5	—	—
5 Kansas City, Mo.	60.0	71.2	47.2	59.7	73.5	48.6	12.6	20.3	15.0	18.1	19.0	17.2	47.7	56.6	38.6	46.9	55.6	34.8	—	—	—	—	14.7	—	18.3*
St. Louis, Mo.	50.9	59.8	45.1	50.4	58.4	44.3	17.8	20.5	16.0	18.5	21.2	17.0	42.0	49.1	35.0	38.6	47.1	32.6	—	23.7	—	—	24.4	—	43.1
Louisville, Ky.	51.9	59.2	44.5	50.4	54.3	44.3	16.3	18.2	14.3	14.7	18.4	13.6	40.6	54.0	34.9	39.7	52.0	33.5	13.8	14.2	13.5	—	13.3	—	—
Detroit, Mich.	52.6	67.7	41.8	53.3	64.6	39.1	21.2	24.5	15.6	22.4	28.0	15.1	45.2	51.9	37.5	44.3	49.3	35.1	—	—	—	—	—	—	71.7
Grand Rapids, Mich.	44.7	47.8	41.0	43.8	45.6	41.2	17.6	18.3	17.0	—	—	—	—	39.6	48.2	28.5	31.0	43.2	19.2	19.4	24.2	14.0	16.1	19.4	13.5
Cincinnati, O.	50.2	54.6	43.0	51.2	55.4	44.6	18.2	23.4	12.6	15.5	38.8	12.1	43.2	51.8	32.2	43.4	52.8	32.8	—	—	—	—	—	—	56.1
6 Cleveland, O.	49.2	56.4	45.7	48.6	53.4	44.1	19.5	21.0	16.8	18.9	20.7	16.4	42.6	47.3	36.1	42.0	46.2	31.4	12.2	14.7	9.0	9.7	11.7	8.0	61.8
Columbus, O.	47.6	48.7	41.1	46.7	51.1	41.7	12.6	14.0	11.2	13.5	14.6	12.4	50.2	50.7	49.8	47.8	51.4	25.7	25.5	40.0	11.1	23.8	38.0	9.7	—
Toledo, O.	44.4	56.7	39.2	46.7	54.4	39.5	18.9	21.5	14.6	19.5	23.9	15.7	44.3	51.3	41.5	—	43.4	—	—	—	—	—	—	—	46.8
Youngstown, O.	45.5	45.5	45.5	41.7	43.2	40.1	15.2	15.9	14.4	14.2	14.4	13.9	—	45.3	—	31.2	43.9	18.5	18.5	24.3	15.1	17.3	18.5	15.7	—
Milwaukee, Wis.	48.7	55.1	44.7	46.4	54.8	42.6	18.8	19.6	17.5	19.6	20.2	17.3	38.7	53.0	21.3	40.4	52.8	22.7	10.3	13.3	10.0	10.8	11.3	9.3	34.0
Cedar Rapids, Ia.	54.0	59.0	46.0	51.0	63.0	50.0	20.0	23.0	17.0	21.0	24.0	18.0	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport, Ia.	—	48.4	—	49.8	51.2	48.4	—	14.0	—	14.0	15.7	12.3	—	—	—	—	—	—	17.7	17.9	17.5	18.2	18.7	17.8	27.5
Des Moines, Ia.	43.6	44.3	42.8	41.3	43.7	38.9	—	11.0	—	—	10.4	—	39.7	59.5	35.5	40.4	56.0	31.5	—	—	—	—	—	—	—
7 Sioux City, Ia.	43.0	46.8	39.2	43.0	45.9	40.1	16.5	17.9	15.1	15.3	15.3	15.3	—	35.0	—	—	41.0	—	—	17.5	—	—	16.8	—	—
Minneapolis, Minn.	64.4	68.2	59.9	65.2	67.0	62.6	19.6	22.0	16.0	19.2	23.3	14.7	62.9	63.0	62.8	58.3	60.6	55.9	—	—	—	—	—	—	18.3
St. Paul, Minn.	53.0	56.0	44.5	53.1	57.7	44.0	17.9	22.6	15.3	18.2	21.4	13.6	49.5	50.7	48.2	42.5	47.1	35.0	—	—	—	—	—	—	—
Omaha, Neb.	—	42.7	—	—	43.3	—	—	12.3	—	—	14.2	—	39.7	42.1	37.5	46.4	47.1	39.9	—	—	—	—	—	—	—
8 Tulsa, Okla.	57.7	61.0	54.2	53.6	57.5	49.4	16.4	20.0	11.8	16.5	20.0	12.7	47.9	58.8	37.0	45.2	45.5	45.0	—	—	—	—	—	—	—
San Antonio, Tex.	39.5	46.1	33.0	37.2	45.4	32.4	10.3	12.6	9.1	9.6	12.8	8.7	39.6	46.7	33.0	43.2	46.2	27.0	30.2	48.2	17.3	10.5	11.7	9.6	21.0
Denver, Colo.	41.5	44.0	39.7	43.5	48.3	39.2	13.7	25.5	12.2	14.1	23.8	11.9	40.4	40.4	40.4	40.3	41.5	39.2	9.7	10.4	9.1	10.5	12.0	9.1	15.0
9 Salt Lake City, Utah	55.8	63.2	48.5	55.8	63.6	50.0	24.5	36.5	18.2	22.6	32.9	17.1	—	—	—	—	—	—	—	—	—	—	—	—	—
Casper, Wyo.	—	112.7	—	—	104.5	—	—	—	—	—	—	—	—	—	—	—	31.0	—	—	—	—	—	—	—	35.1
Portland, Ore.	38.7	43.5	37.6	39.4	59.5	35.7	14.0	16.3	12.7	14.4	17.4	13.8	45.3	48.8	36.2	42.4	48.0	33.1	—	—	—	—	—	—	22.1
10 Spokane, Wash.	49.1	53.7	44.6	54.8	56.2	53.4	10.0	10.6	9.4	11.2	12.6	9.8	48.7	64.2	47.0	58.9	68.8	49.0	—	—	—	—	—	—	22.1
Los Angeles, Calif.	61.6	63.6	54.3	60.1	65.5	54.7	16.7	19.4	16.0	19.0	19.6	16.9	47.0	53.0	38.7	48.8	54.3	43.4	—	—	—	—	—	—	—
11 Oakland, Calif.	50.3	53.0	40.3	49.9	56.4	41.7	17.3	27.0	13.8	17.4	28.7	13.7	42.0	50.5	33.6	41.3	48.7	33.9	—	19.1	—	—	18.9	—	—
San Francisco, Calif.	42.2	55.8	38.1	39.5	53.7	38.5	17.9	20.4	14.7	17.7	21.8	14.4	32.9	36.6	26.6	32.8	36.6	24.5	—	10.9	—	—	11.2	—	—
Santa Barbara, Calif.	55.9	61.5	42.5	50.4	66.7	33.3	—	—	—	—	—	—	45.6	52.2	36.9	55.9	77.0	39.0	—	—	—	—	—	—	—
Vancouver, B. C.	57.6	63.8	51.4	—	60.4	—	24.3	25.2	23.5	—	21.6	—	—	37.5	—	—	53.0	—	22.5	26.0	19.0	17.1	20.0	14.2	55.1
12 Victoria, B. C.	67.1	67.3	66.9	64.0	64.8	63.2	26.4	29.8	23.0	25.3	32.6	18.1	—	—	—	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

*1940 figures not received at press time
•Installment

¹Furriers

²Laundry
³Heating

⁴Lumber
⁵Paper and Paint

⁶Fuel
⁷Cleaning and Dyeing

Forty-Eight Key Cities Cooperating with the Research Division

CREDIT DEPARTMENT OPERATIONS

An Address delivered before the 28th Annual Convention, San Antonio, Texas

June 19, 1940

By Col. FRANKLIN BLACKSTONE

Credit Manager, Frank and Seder, Pittsburgh, Pa.

IT IS MY opinion that too little stress is placed by store owners and others (but not by credit men) upon the importance of the preliminary interview with a new customer. And when I say "new customer," I mean a customer who is new to the credit department.

In the old days of credit, one of the most important functions of the credit department was the *creation and maintenance of good will*, but under the present spirit of operations, economy is becoming paramount. Where interviewing is placed on a standardized basis of production wherein an interviewer's ability is gauged by the number of interviews per day or week or month the old system of creating good will and maintaining it seems to be shaking in the balance. Too much economical over-standardization of any particular thing in retail credit work involving good will leads to the elimination of the element of greater personal efficiency.

Qualifications of the Interviewer

If the interviewer is the first contact with the customer and has the intelligence, and the training (under the credit manager), that are necessary for the proper presentation of the store's policies and terms, the information required can be secured in a friendly way. That kind of an interviewer is doing more than merely interviewing. He is inculcating in the mind of new charge customers the fact that the credit department is a "living organization," for their benefit and convenience.

Interviewers should have diplomacy and tact as well as business acumen; they should have a knowledge of selling, because without a knowledge of selling, a credit interviewer (however intelligent) may be a mere automaton.

It is common practice to secure from the credit bureau an in-file report, and although I have heard the in-file report plan condemned by many people, there are many advantages in an in-file report. We all know that a complete antecedent report is better than an in-file, and those credit men who lead the way in progressive thought, never hesitate to use the antecedent report, or the bureau report from other cities, whenever it is necessary. The

economical operation of a credit department on the basis of cutting down the cost of securing credit information from the bureau can be overdone. It can be overdone to the extent that in such credit department operations, the loss will be at the other end of the line; that is, the loss will be in the amounts eventually charged to profit and loss, or through collection fees paid.

Retaining Good Will Through Advertising

Throughout every element of credit work, there should be the maintenance of good will that has been started by the advertising department, through its true advertising and simple stating of facts that have created the "desire" of the customer to buy. It is the first contact in the credit department.

In order that our customers would know something about the credit bureau, we, in the city of Pittsburgh, in the early days of the Retail Credit Men's Association there—now known as the Retail Credit Association of Pittsburgh, followed the example of the city of Minneapolis, where the advertising of terms and of the importance, of maintaining good credit through prompt payment have been

advertised for many years. We advertised both "good credit" and "The Credit Bureau" in Pittsburgh. It should be done in every city.

It is not done in some cities because the retail merchant does not understand the real status of the credit bureau. He is fearful that any reference to the bureau may mean the loss of a customer, whereas, in the city of Pittsburgh and in a few other cities (through the efforts of the NRCA) the people know that the credit bureau is a community asset. It is a protection to the people who have good credit, and it is a protection to the merchant who grants credit. Consequently, it should be the duty of every local association to publicize the functions of its credit bureau. They should be as well and favorably known to the people of their area as the big stores. It should be done by advertising, in newspapers, on billboards and the radio.

Placing Limits on Accounts

In the opening of the account, there should be a certain indicated limit, although no one but the credit



"Not enough stress has been placed on the importance of the preliminary interview with the new customer."

clerks may ever pay any attention to it. The notice of the original explanation of terms (that we know should be made by the interviewer) should be explicit. Of course, terms explanations cannot be avoided in case of lease accounts (or those dependent upon contracts, whether you call them chattel mortgages, leases, contracts, or any other name).

From the first interview, the development of the profitability of account continues. If the customer is confused by communications from other men in the store, such as someone other than the credit manager from signing letters of appreciation of patronage, the attention of the customer is diverted from the fact that the credit manager is the man and the credit department is the place to contact. Any other signature brings the thought to the customer that an appeal may always be made to the one who signs the letter of explanation of terms, or "appreciation," which in many cases is printed (letter and signature). The adding of another name, other than that of the credit manager, materially creates a confusion in the mind of the customer.

A new phase in credit department operations is to have the authorizer act as the official sorter to pass the sales checks into a specially built, standardized cabinet, from which they are taken at times specified (according to the policy of the store) and probably billed or the amount of aggregate purchases entered and the sales checks attached.

Skeletonized Billing

In several cities, some years ago, an experiment of skeletonized billing was attempted. It did not meet with the approval of the people, probably because some merchants opposed it. It became necessary for those who had the courage to enter into skeletonized billing to drop it. In our "progressive" age, the idea is coming back as new, and probably it is new to many people. It has been proved a success by oil companies and grocers and may now be generally accepted as economical billing. Eventually it will be done everywhere, whether the customers like it or not. It is also economical.

Merchants are now thinking in terms of economy. In years gone by, they thought in terms of good will. The

sending of the original or a duplicate of the sales check with the bill is claimed to be convincing proof that the purchases were made as indicated on the sales check. If the signature of the customer is entered on the sales check, the same as it is on the bills of the gasoline companies, there could be little question about it, unless it should be a forgery. Forgeries are said to be very few and far between, particularly in cities wherein the close affiliation of the credit bureau, with its records appertaining to individuals, and that of stores, is well established.

Improved Credit Department Operations

The collection department, under the new system, will be operated by the authorizer. Business engineers have figured out the new system so carefully that they can apportion to each half hour of the day the exact work to be done during that particular period, leading up to at late as nine or ten o'clock at night. Of course, we know the stores formerly closed at five-thirty or six o'clock, and they will continue to do so, but the employees in this work will be employed to cover the later hours.

The calculation is made that the authorizer, biller, collection clerk, etc., will have very few interruptions. All charge checks will be authorized, in order that credit control may be up to the minute. That alone should be a boon. The sales checks will be kept in the special cabinet until the end of the month. That is real economy of operation, provided there is not too much sorting and re-sorting.

Then begins the dunning process—if you wish to call it "dunning." The operator, in the period of time specified in the setup of her work is calculated not to have any particular telephone messages about "charge-takes" and so on, about saleschecks that have "gone wrong" somewhere, either over the telephone system or through the tubes. In the course of time, the authorizer will inspect the accounts at the rate of about 250 an hour, including the addressing of printed letters (to be mailed for one cent). She then proceeds in addressing the next one, inspecting each account as it comes along, referring only to a refer clerk those items beyond the status to which she is allowed to go.

Economy in the Credit Department

The general objective is economy in the credit department, to all of which retail credit men will agree, because they wish their departments to be operated at a minimum of expense and the maximum of efficiency. I have, however, heard credit men claim that the continued use of communications of this kind is not as sure or as good a method of collection as some other plans that have been used. That, however, is subject to personal opinion. I have used both, and I find that they both have the same result—many customers will not pay promptly, either way! But, it is something that is going to be done, is now being done, and will continue to be

(Continued on page 22.)



"Direct mail advertising should be used to convince the buying public that the local Credit Bureau is a protection to the people who have a good credit record, and a protection to the merchant who grants credit."

Barometer of Retail Business

Sales and Collection Trends

August, 1940, vs. August, 1939

Compiled by Research Division, National Retail
Credit Association

Arthur H. Hert, Research Director

CREDIT sales increased 5.3 per cent during August; total sales 7.9 per cent; and collections 3.6 per cent, in the United States and Canada, as compared with August, 1939. *These increases were generally attributed to an improvement in private employment.*

Highlights of the monthly analysis are shown in the tables below:

Highlights for August

- 55 Cities reporting.
- 20,130 Retail stores represented.

COLLECTIONS

- 42 Cities reported increases.
- 3.6% Was the average increase for all cities.
- 38.2% Was the greatest increase (Nashville, Tenn.).
- 3 Cities reported no change.
- 10 Cities reported decreases.
- 4.8% Was the greatest decrease (Omaha, Neb.).

CREDIT SALES

- 46 Cities reported increases.
- 5.3% Was the average increase for all cities.
- 34.1% Was the greatest increase (Nashville, Tenn.).
- 4 Cities reported no change.
- 5 Cities reported decreases.
- 6.8% Was the greatest decrease (San Antonio, Tex.).

TOTAL SALES

- 50 Cities reported increases.
 - 7.9% Was the average increase for all cities.
 - 26.5% Was the greatest increase (Tulsa, Okla.).
 - 4 Cities reported no change.
 - 1 City reported a decrease.
-

(Continued from page 21.)

done in greater numbers for a long time. It is the new function of economical credit department operations!

We pass along, then, to the fact that the number of collection men, being primarily reduced by the centralization of authorizing, sorting, billing, and collecting, helps along the economy, and the use of standardized forms, specialized telephone operators, etc., brings economical results formerly dreamed of only in the minds of prominent credit men, but not used because of their false ideas of the problem of maintaining good will.

Passing along to the new credit manager's "job," we find it becoming one of standardization. In the old days, a man of ability had an opportunity to promote progress and build business in his department, to create and maintain good will through keeping ahead by the elimination of competitive terms, and having tact, diplomacy, knowledge and personality. Who can tell that the credit manager's job, in the course of a few years, will be but what it was in the very beginning of modern retail credit. Watching the trend of such things during the last ten years, I have not recommended to anyone who appealed to me, employment in any retail credit department. The field is not broadening.

In the days when the retail credit manager assisted to the greatest extent in the development of credit policies, when he and the treasurer of the company were in close contact on all things appertaining to credit, the office of the credit manager was one wherein customers were treated with every courtesy, with every consideration, and with every understanding. In the course of time, as newer standardization develops, clerks will meet customers; credit men will be those clerks.

We may also go back to the time when some stores experimented with a self interviewing system whereby the customer walked up to a stand-up desk, filled out an application for credit form, dropped it in a slot, and it went through a short clerical process. We may eventually get back to, and when we do, we will arrive at another point where an economic solution of the cost of credit department operations can be recommended, although you all know that economy does not always build good will or maintain it.

Expense Studies

In order to determine whether credit departments were being operated on an economical basis, the National Retail Credit Association, as far back as 1917, in a semi-direct manner, began the accumulation of "credit department expense." Nowadays, it is carried on by many other organizations, including the Harvard Business School and the United States Department of Commerce. But the most accurate of all these reports, from a retail credit manager's unbiased viewpoint are those now being compiled, and have been reported in meetings of the National Retail Credit Association during a period of twenty years.

Credit men should inform the treasurer of what is "going on" in credit work, as the treasurer of the company is the proper man to whom the credit manager should report. *The other officials should know also that the credit manager's position should be side-by-side with that of the sales promotion and the advertising manager, now the most important business builders in the store.*

ST. JOSEPH RETAIL CREDIT BUREAU SAVES RECORDS

CAUGHT IN MIDST OF \$400,000 CONFLAGRATION



● You should talk to Mr. W. J. Bryan, Manager, St. Joseph Retail Credit Bureau to get the full story of how his Remington Rand Safe-Cabinet and Safe-Files performed in the recent disastrous St. Joseph fire. Fire spread to his building from another but *he was prepared*.

Invaluable records reposed in a Safe-Cabinet that was in the heart of the fire. Heat melted off the hardware and fused the hinges, but when forcibly opened, its contents were safe!

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opened temporary offices, *complete with operating records Monday morning*. A record of which to be proud!

Suppose fire struck your building? Are your records protected at the "point of use"? Would they be saved? Don't guess! Write for a *free*, completely illustrated catalog "*Safe-Files Preferred*" or call in your nearest Remington Rand representative. Without cost or obligation he'll give you complete facts on how *inexpensively you can protect the records that are your trust*.

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NATIONAL FIRE PREVENTION WEEK — OCT. 6 TO OCT. 12.

There Is No Magic Formula

An Address delivered before the 28th Annual Convention, San Antonio, Texas

June 20, 1940

By BERNARD B. CANTOR

Manager, Adjustment Department, Retail Credit Association of Portland,
Portland, Oregon

Chairman, Collection Service Division, Associated Credit Bureaus of America

THE PROBLEMS that heretofore have confronted us seem minor today, and relatively simple of solution. The problem today concerns itself with the appalling circumstance that civilization, as we define it, has its back to the wall, and is fighting for its very existence. There is a gage to be taken up, a challenge to be accepted. This is something more than figurative language, and especially is it true in the challenging and ominous present. And here the thought occurs that we, as credit granters, credit reporting bureau operators, and adjustment department operators, are part of and not apart from this scene.

There is no magic formula may well be the paramount thought in the minds of those people identified with the three divisions of modern enterprise. For these groups seem to be vulnerable, and serve as a magnet to draw schemes which offer a magic formula but which, as with all other schemes, fail to prove a panacea for their ailments. If this is possible when business is conducted in a calm, cool, and collected manner, is it not reasonable to expect that, with world conditions in their present turmoil taking a heavy toll of the emotional stability of the people in this country, that we will be less careful in our investigation of proposed plans which hold high promise to serve our needs and yet, in the end, fail of their purpose? It is well for us to pause and realize that if we are to safeguard the very foundation on which the business structure is erected we must

begin now to ferret out promotional racketeering, which tends to mislead instead of to direct properly, that avenue of current enterprise which makes it possible for merchandising on a credit basis to continue.

No Magic Formula to Guarantee Collections

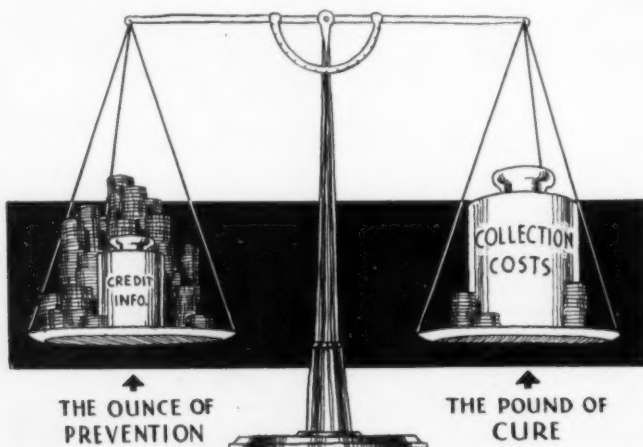
I refer primarily to the use of high powered collection contracts which promise to do virtually the impossible and to work miracles. As a matter of fact, in our more rational moments, we must realize that there is no magic formula which will accomplish for us what we have been unable to accomplish ourselves. But there is a legitimate means to accomplish these things, and it is through the medium of intelligent consideration of the problems at hand, and the selection of new accounts based not only on properly prepared credit reports, but also on the proper selection of the medium which will represent the merchant, in the event that some of these well selected accounts may, because of circumstances, become delinquent accounts and unprofitable for the merchant or professional man to retain for general collection procedure.

Unless we realize that there can be no compromise in our collection procedure and understand that pleasant relationships between the merchant and professional man and the customer must be maintained, and can be so maintained only when the delinquent account is handled in an intelligent manner, can we be assured that our selection of a collection medium has been wise.

The first principle of intelligent business administration, regardless of what division of enterprise is concerned, rests fundamentally with the proper connections and the development and growth of *every* division of that enterprise. I realize that we are not living in a utopian era, but is it not wise to safeguard ourselves and to plan for the future so that in our public relations with those with whom we deal, whether as customer or correlated enterprise, we know in advance just what procedure will be followed and just who will represent the various developments which are to be expected in everyday business operation?

Choosing the Collection Agency

The average intelligent credit granter, realizing the value of properly prepared credit reports,



naturally draws on the reporting bureau for information on which to base the extension of credit, and to determine to what extent they may encourage liberal use of the account, once it is arranged for. It is only reasonable to expect that, this same average credit granter, will choose wisely the office which will represent him in the collection of his accounts when it is necessary to release them to a third party. This being so, it should be possible for us to eliminate the encouragement of rackets which seem to be flourishing in the collection field. The credit reporting bureaus, organized as they are on a national scope, are fairly well accepted by the man in business today as an integral part of his existence. The collection departments, identified with these reporting bureaus and likewise organized on a national scope as a branch of the Associated Credit Bureaus of America, are well qualified to be considered, and should be considered by the man in business as an integral part of his business. There is no need for any thinking business or professional man to accept promises for the accomplishment of the impossible when there are available departments maintained primarily for his use, and to safeguard and protect his interest.

There are collection mediums operated independently of reporting bureaus, and many of them not identified with the Collection Service Division of the Associated Credit Bureaus of America who conduct a legitimate and ethical business procedure. Unfortunately this type of office is limited in number, and since it is difficult, except in isolated cases, to determine these facts in advance, I am at a loss to understand why, with the facilities of a Collection Service Division member available, the users of the reporting bureau service should fail to choose, as their professional collector, an office, which specializes in collection procedure; which retains for the creditor the good will of the customer, and at the same time maintains a profitable business enterprise. To be successful in any business, there must be a profit made, otherwise the enterprise cannot continue. By the same reasoning, there must be something wrong with a service sold at a cost so low that it cannot result in an intelligent application of effort.

Accomplishments of A. C. B. of A.

As chairman of the national Collection Service Division, I feel it is proper for me at this time, to touch briefly upon the accomplishments of that organization during the past year, and particularly, on those points which cannot help but be of material interest to all.

Perhaps, the greatest forward step made during the past year is the national advertising program. It tends to educate the merchant and professional man to choose wisely his collection representative, and stresses the value of selecting the office which carries the national insignia of the Collection Service Division and whose facilities, conduct of business, and ethical procedure, won membership in the national organization. These members, by reason of their facilities, procedure and ethical conduct, devoted to a public interest program, dedicated to the rehabilitation of the individual, and serving as an integral part of each business office, are prepared to make volume recovery at a reasonable profit. Many offices are maintained primarily as the creditors' office with an interest in the rehabilitation of the individual, and prepared to



"A Valuable Service to Both—Debtors and Creditors"

give service alike to the man who is temporarily slow-pay, and to the man who is concerned about his volume receivables.

A Challenge

There is no magic formula, but there is in almost every sizable community, a representative of the Collection Service Division who has the greatest opportunity to accomplish, short of miracles, that which every credit granter desires, namely a high collection percentage. I challenge any office not identified with the Collection Service Division to deliver the same type of service and the same percentage of returns. I challenge any chooser of a collection medium to compare the results obtained from a run-of-the-mill collector with a Collection Service Division member, and then select as his professional representative any but the man who is identified with a permanent, constructive, and progressive economical structure such as is maintained by those divisions which comprise the Associated Credit Bureaus of America.

In order to maintain this high principle and procedure, there is being prepared at this time a manual of instruction. It will be available to all members of the Collection Service Division, so that those offices which do not find it possible to meet frequently and exchange ideas with others, may gain the knowledge of those who have had many years of experience, and may be enabled to conduct their business on the same high plane.

As a third part of our educational and advertising program, there is being prepared at this time a sound slide film, which will be suitable for showing to the credit granter and to those to whom have been extended credit privileges. I urge, when the film is available in your community, that you make a special effort to be present at its showing.

Cooperation With American Bar Association

Perhaps the greatest danger confronting collection men is the desire on the part of many in the American

Bar Association to outlaw, as they have outlawed in several states, the entire collection industry. During the past year there has been continued our heretofore very pleasant relationship with the American Bar Association. By strict adherence to the eight canons governing collection agencies as set forth by them, we have run into no serious differences with the Bar Association. As a matter of fact, through the efforts of our Secretary-Manager, we enjoy a very warm relationship with those who direct the destinies of the American Bar Association. The past twelve months have been devoted to progress and development and we now are a sound, united group, motivated by the desire to render a thorough service to the credit world. We invite those with whom we are identified to choose our members for their collection representatives.

These are indeed trying times. There is every indication that the future will be difficult to cope with. The extent to which we are prepared to give of ourselves to our employers, to our business, and to our country, may well determine the degree to which we will be secure in our business, and in this country.

Plans for the Future

The President of the United States is quite likely directing the future course of history in this country, by what he is doing today. We in the same sense are directing the future destiny of our organizations as credit granters, bureau managers, and collection department managers, by what we do today, and by the manner in which we plan for the future. This is the great hurdle before us. Unless we clear it at the outset there will be no maintenance of present profit or future development for any of our groups. If ever there was a time to give earnest consideration to our problems and to lay a sound foundation to anticipate whatever may develop in the future, the present is such an occasion.

These times require solid unity with and among the three branches which comprise our important organization. The uncertain times ahead of us will tax to the utmost, the energies and sustenance, of those to whom is delegated the responsibility to maintain a progressive and constructive credit structure. Prospects for the immediate future are most uncertain. It behooves us all to lend every energy in the direction of constructive thinking and constructive doing, so that we may be best prepared to meet whatever will develop with the rapidly changing economic picture as it will be affected by the development of the current world problem, and particularly should this country enter the war. We must be prepared to resist what would weaken any part of this important structure upon which is built the economic development of our country. We must realize that the organization in which we hold membership will play an important part in whatever develops in the economic future for this country. *As we all realize that this nation is well worthy of defense, zealous loyalty, and perpetuation, so we must realize that our organization is likewise worthy of our greatest loyalty and must, and will be maintained. We must all have confidence that we will see it that way.*

New Books Received



Goodwill Letters That Build Business (Prentice-Hall, Inc., 70 Fifth Avenue, New York City, 300 pages, \$3.50)—This book, by W. H. Butterfield of the University of Oklahoma, is packed from cover to cover with sources of brilliant ideas and practical suggestions on how to use letters effectively to step up your profits and to cement lasting customer friendships, including several hundred examples of tested letters that have been used by leading firms in good will promotional efforts. In it will be found successful letters used by companies like L. Bamberger & Co., Dreyfus & Son, Hotel New Yorker, American Business Magazine, Kresge Department Store, and many others too numerous to itemize here.



Wage Differentials (Columbia University Press, New York City, 169 pages, \$2.00)—This book by Carrie Glasser is a study of the persistence of differentials in wages among workers of similar skill in various industries and geographical sections of the United States. Differences in both rates of pay and annual earnings are considered. An attempt is made to set out systematically, factors which probably account for the differences found.

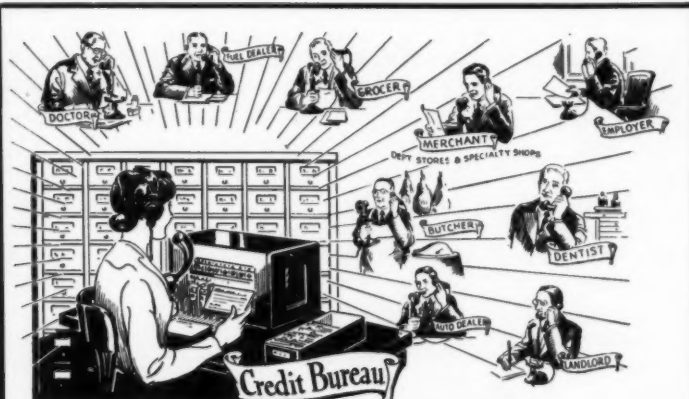


Consumer Credit (University of Michigan, Ann Arbor, 138 pages, \$1.00)—This is the proceedings of a consumer credit conference held under the joint auspices of the Institute of Public and Social Administration and the School of Business Administration of the University of Michigan. Some of the subjects discussed are: "Size, Make-Up, and Economic Competence of the American Family"; "The Basis and Limits of the Use of Credit by the Family"; "Open and Installment Credit"; "Competition in the Field of Consumer Credit"; "Regulation of Consumer Credit"; and "Economic and Social Consequences of Consumer Credit."



Operating Results of Department and Specialty Stores in 1939 (Harvard University, Boston, Massachusetts, 34 pages, \$2.50)—In this Bulletin by Malcolm P. McNair, Professor of Marketing, the Bureau of Business Research reports on the margins, expenses, and profits of department stores and departmentized specialty stores for 1939, the twentieth consecutive year for which such a study has been made. This analysis is based on 521 reports from companies operating 657 stores, with total store net sales in 1939 of \$1,725,149,000. It is estimated that this figure constitutes approximately a 38 per cent sample of the total sales of retail establishments of this type in the United States in 1939.

Streamlined Advertising



We have YOUR NAME in this "Who's Who"

The files of the Credit Bureau contain the credit record of every citizen, and every member of the bureau has access to this record.

WE consider ourselves fortunate to be listed in "Who's Who" or the Social Register, but our credit record in the files of the Credit Bureau is far more important in our daily lives! In this "Who's Who" of Business, are listed the credit records of the citizens of this community: How they pay the grocer, the butcher, the other stores, the physician, and the dentist—every credit grantor—OR NOW THEY DON'T! No guesswork—no hearsay—only

facts are recorded. The records are constantly revised through reports from members, periodical check-ups, and a close watch over court records and other sources of information. And each member of this Credit Bureau—and more than 1350 credit bureaus throughout the United States and Canada—has access to these records. Prompt payment of accounts builds a credit record of priceless value not only here at home but wherever and whenever credit is needed.

Use your credit freely and pay all bills by the 10th of the month or promptly as agreed

PUBLISHER NOTE CAREFULLY: This Space is for Local Association Signature to be Set by You.

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13-S

MATS IN TWO SIZES

There are 17 ads in the new Streamlined series, which include 14 Pay Promptly and 3 Returned Goods ads. These come complete, in mats ready to hand to your newspaper in two popular sizes:

6 x 9 in.	\$1.50 each
4 x 6 in.	\$1.25 each

Advertisement No. 13 (in 4" x 6" size) is shown at left—actual size.

Size 8" x 12" (one-fourth of the ordinary newspaper page) may be obtained by giving several days' advance notice. Price \$2.00 each.

*Write the National Office for
"A Portfolio of STREAMLINED Pay Promptly Advertising"*

NATIONAL RETAIL CREDIT ASSOCIATION
1218 OLIVE STREET ST. LOUIS, MISSOURI

OCTOBER, 1940

27



The Credit Clinic

... A "give-and-take" page, wherein readers may ask—and answer—questions about their credit and collection problems and solve them in the laboratory of practical experience ...

Conducted by
ARTHUR H. HERT, Research Director

Departments Charged With Losses on Repossessed Merchandise

OPINIONS AND experiences of credit executives on the subject of the departments charged with losses on repossessed merchandise, appeared in the Credit Clinic in the September CREDIT WORLD. Other experiences and opinions follow:

★ ★ ★

Austin, Texas: We follow a very conservative credit policy, and any time an account is accepted by the credit department, we are expected to assume full responsibility. Under the circumstances any losses which we suffer because of repossession are borne by our department and not by the selling department.

★ ★ ★

El Paso, Texas: Our policy has always been for the credit department to bear the loss, providing the repossession results in a loss. First, we credit back the carrying charge, because that is an abstract account, and it is of no value to show a profit of carrying charge or interest unless it is a permanent sale. Then, we take whatever is left of the original selling price as the actual value of the article to the credit department. The sales department makes us a credit for the return of the item and at a price they feel they can sell it, including the commission to be paid the salesman, but they do not mark it at a price to be resold, where the department would actually make a profit. The difference is the amount lost, and it is then transferred to our Repossession Account. We itemize the name and the article so that at the end of any given period, a schedule of repossessions would show the commodity on which the loss was suffered.

★ ★ ★

Fort Worth, Texas: When such merchandise as refrigerators, washing machines, radios, stoves, sweepers, etc., are repossessed, our practice is to have whatever gain may be experienced passed on to the selling department. Also, if there be a loss, that also is borne by that department. We do not find any objections to this plan in our store, as it seems the head of our electrical appliance department is glad to cooperate to this extent in order to get the wholehearted cooperation of the credit department. They realize fully that we do our best to pass every sale that we possibly can, and that the minute we see it is uncollectible, we repossess the merchandise. Sometimes a loss is experienced, but such losses are not

excessive as we make a credit investigation on all applicants for credit whether it be on a secured basis or otherwise.

★ ★ ★

Kansas City, Mo.: I have contacted a number of the large downtown stores who sell on the installment plan, and find that the situation is about even. The selling division takes the loss in some stores, and the credit department takes the loss in others. Regardless of who takes the loss, it eventually becomes a direct loss for the firm, so really we are only kidding ourselves when we say that the credit or the selling division is assuming the loss in this instance. Too frequently, today, individual department heads attempt to paint a beautiful picture for themselves, irrespective of the firm.

★ ★ ★

New Orleans, La.: When credits are issued for repossession on frigidaires, washing machines, stoves, coolers and radios, due to the inability of the customer to pay, the same shall be issued on the basis of an appraisal value arrived at by the manager of the respective department. The difference is to be absorbed by the credit department as an accounts receivable loss. The credit department shall be entitled to receive an earned carrying charge up to the date of repossession. If the repossession is made because of the customer's complaint that the merchandise is not performing properly, or has some defect which we have not been able to overcome, the entire credit is to be issued by the department and there is to be no loss sustained by the credit office.

★ ★ ★

Oakland, Calif.: When hard or durable merchandise is reverted to the store, the credit department and the interested sales department determine upon a fair price for the merchandise and this amount is then credited to the customer's account, and the merchandise reverts to the selling department. Our buyers are sympathetic to the credit problem and never take advantage of the situation with the result that the credit department has no fault whatever to find with this arrangement. Reverts are a problem of the credit department, and any loss incurred should be borne by us. The credit department accepts the risks and arranges the terms on a basis which they feel will be secure, and they should assume full responsibility. This

is based upon the assumption that the credit department is privileged to reject and have complete control of the applicants for credit and the suggested terms.

★ ★ ★

Peoria, Ill.: All repossessed merchandise in our store, such as refrigerators, washing machines, radios, stoves, sweepers, etc., are charged back against the selling department. They receive the profit from the sale of this merchandise when originally sold and should thus be charged back in the case of repossession. I believe if all repossessed merchandise were kept track of separately as to the profit or loss on repossession, that there would not be any net loss at the end of the year in this respect. Many items repossessed will be sold for more than the amount charged back against sales repossessed. Even considering the reconditioning and additional commission expense, there would be very little loss over a long period of time.

★ ★ ★

Phoenix, Ariz.: It has been our policy to consider these losses as credit department losses. We believe that this is the proper department to stand the loss providing the acceptance or rejection of a contract is left entirely up to their judgment.

★ ★ ★

Providence, R. I.: The majority of the stores in Providence charge losses to the credit department. We believe it is the correct procedure, as the credit department authorizes credit; however, it should at all times see that when merchandise is returned, it is properly appraised in order for the credit department to receive credit for the honest value of the merchandise.

★ ★ ★

Quincy, Ill.: Our policy has been to have the selling department absorb the loss, except in such cases after the time for repossession of the merchandise has been continuously extended by our credit department. In this case, the merchandise is sold for the value and the difference is assumed by our credit department.

★ ★ ★

Rochester, New York: Our credit department stands the loss on repossessed merchandise. Our merchandise is credited to the account at the full amount of retail price. The cost price is then charged to the account. The difference between the cost price, which the department charges to the account, and the money which has been paid in on the account, is the amount for which the credit department takes a loss.

★ ★ ★

Richmond, Va.: Our sales department always credits any unpaid balance outstanding on the ledger when an article is repossessed and absorbs the loss in that department. When, for any reason a contract account is charged to profit and loss, and the merchandise has no repossession value or cannot be located, this loss is absorbed by the credit department.

★ ★ ★

Salt Lake City, Utah: The procedure we follow is for the credit department to absorb any deficiency balance after the merchandise has been brought into the store and the sales department gives credit to the account

for whatever the sale of the merchandise will bring. If this balance is not collected, it is charged to Profit and Loss at the end of the year, after which time, an attempt is made to collect what we can although it often becomes necessary to take legal action.

★ ★ ★

Denver, Colo.: Such losses are borne in our credit department; the reason being that we feel before accepting an account we have ample opportunity to investigate the customer.

★ ★ ★

Tulsa, Okla.: It is the policy of this store that all losses developing because of repossessions are borne by the sales departments. It is illogical to place this burden on the credit department as it has no facilities for disposition of the merchandise. Even though it may be a mistake on the part of the credit manager in approving the account in the first place, it is to the store's advantage to accept the merchandise back into a selling stock where a selling organization can properly dispose of it. If the credit departments are forced to take the loss on all repossessions, they, naturally, will use greater caution in the future in accepting credit risks. This will have a tendency to influence a more stringent attitude in accepting new accounts, and the selling departments would, no doubt, suffer in the long run because of a loss of volume.

★ ★ ★

Washington, D. C.: Losses on repossessed merchandise such as refrigerators, washing machines, etc., are borne by the credit department. The selling departments should absorb such losses which would naturally be reflected in their profits and thereby give a thorough picture of their operations.

★ ★ ★

Worcester, Mass.: When an installment account gets into a desperate condition, we place it in the hands of our attorney for collection, thus relinquishing our right of repossession. However, when a loss occurs in this class of accounts, it is borne by the credit department. In a business such as ours, we prefer not to show any secondhand merchandise.

★ ★ ★

Wichita, Kan.: It is our policy that these losses be absorbed by the selling department. The function of the credit office is to deal with credit risks and collection of accounts and not concern itself with merchandise, insofar as the physical side is involved. The credit department is not in the business of selling merchandise, and for it to absorb the loss would practically mean that the selling department would receive the merchandise at no cost, or necessitate a lot of bookkeeping to keep the inventory correct. If the responsibility is put on the selling department, a greater effort will be made to realize the amount required. If the credit department is alert, most of the repossessions can be made in the same season and the chance of reselling is greater. If not that prompt, more money should have been collected and the probable loss lessened to that extent. Of course, we relieve the account of all unearned carrying charges before determining the amount of the credit to be issued.

CREDIT EDUCATION...

Its Value to Retail Business

By **DAVID D. BOLEN**

Credit Manager, Younker Brothers, Des Moines, Iowa
First Vice-President, National Retail Credit Association

*An Address delivered before the 28th Annual Convention, San Antonio, Texas
June 20, 1940*

CREDIT IS AN economic device about which the layman knows relatively little. Retail business interests collectively have abused its use. Whether it is right or wrong, high pressure merchandising with easy credit as the bait, appealing to the universal desire to enjoy a high standard of living, has led many people to overburden themselves with debts. Each year a new group of young people become credit customers. Thousands of newlyweds will meet unforeseen financial problems. Numbers of families will move from one city to another, many of them unfamiliar with local credit standards. Many homes will be overtaken by unexpected financial emergencies. A multitude of unseen forces tend toward undermining character, the most important basis of good credit.

This picture I have tried to portray has long been recognized as a challenge by leaders in our National Association. It led quite logically to inclusion of the following statements in our code of ethics. In paragraph 3, we find this as one of our aims: "To educate the public in the proper use of credit as a relation of mutual trust and to the value of establishing and maintaining good credit records." Then in paragraph 4, "To counsel and protect customers against the tragedy of going into debt beyond their ability to pay; to safeguard their credit standing by requiring payments according to agreement."

Now what are we, as creditors, doing to minimize and offset these hazards I have outlined, and to carry out the obligation imposed by our code? What can we do?

Average Man Unable to Budget Himself

It was George Washington's theory that the average man is unable to govern himself. From observation I find that in this era of easy credit the average man is unable to budget himself. The responsibility not to oversell those in the lowest economic brackets, rests squarely with the merchant, and I have little sympathy with the kind of creditor who is forever complaining about the failure or lack of laws, to help him collect for merchandise which should never have been sold in the first place.

This type of merchant, fortunately in the minority, is largely responsible for whatever breakdown there has been in our credit system. It is squarely the responsibility of

the merchant to make certain, through the use of advance credit information, as well as by periodically rechecking, that no one buys more than he can reasonably be expected to pay for. By allowing some of these economic problem children to buy away beyond their means, because some attractive gadget catches their eye, merchants have brought many a family to the door of financial ruin and domestic discord.

The experience of many local credit associations has demonstrated that credit educational publicity for one thing, is most important in popularizing the value of a good credit record; in pointing the way to protect one's credit in an emergency; in restraining overbuying; and in helping to maintain prompt paying habits. It is my belief that credit education in all its phases is, and will be for a long time, one of the major subjects worthy of consideration at national conventions. It is certainly appropriate that we should consider ways and means of redoubling our efforts in this direction. It is in the common interest that more local associations be encouraged to undertake comprehensive programs for the purpose of educating the consumer as well as conducting credit study classes.

Educational Programs Compared With a Certain Laboratory Experiment

I recently read with interest of an engineering laboratory experiment using a steel bar weighing a half ton that was suspended vertically by a chain. Nearby a cork from a bottle was suspended by a silk thread. The cork was started swinging so that it struck gently against the steel bar. The motion of the cork continued at regular intervals, striking the bar in exactly the same place. Five minutes passed and no effect was noticed on the bar. After ten minutes the bar gave evidence of feeling uncomfortable. A sort of nervous chill crept over it. At the end of twenty minutes, the great bar was swinging like the pendulum of a clock. To me, this laboratory experiment illustrates the ultimate and certain result of a regular and well planned educational program.

Looking back the sixteen years of my experience in credit work, the improvements that have been made in

credit terms and practices seem almost unbelievable. It is only a few years ago that the average retailer was not concerned about the credit standing of his customers with others in the community. Terms on credit purchases were not stressed, collection policies were not definitely established. Customers that paid in full two or three times a year were considered good pay. Today, the picture is changed, changed as a result of local and national educational activities.

Consumer Education

We have been hearing and reading in the past eighteen months about the consumer movement. In the May 21 issue of *Retail Executive* an entire page carried this slogan: "The consumer wants to know facts—and it pays to tell her." If we keep pace with the merchandising end of business, which is taking the consumer into its confidence, it follows that we should contribute our share to consumer education on the proper use of credit. A philosopher once said: "Half the world's troubles, political, business, and personal, result from misunderstandings. Taking the time to sit down and talk it over has saved nations the security of their peoples, employers the confidence of their workers, and men the loyalty of their friends." Educating the consumer is a matter of talking it over and having a definite understanding when an obligation is incurred, as to how that obligation is to be paid. In many cities, today, no effort is being spared in making clear to the purchaser when the obligation is to be settled.

The consumer is being educated by prompt pay advertising, radio, billboard advertising, and by inserts in statements, which notify him when ratings will be turned into the local bureau, and explain to him the local rating code. As an example, in Des Moines for the past five years, we have used just such a plan, which has met with great success because of the cooperation by the majority of our merchants. I find our employers are appreciative of our having assumed this responsibility and are backing us to the fullest extent in this effort. They are becoming more aware of the dangers to the entire credit structure when credit customers are overloaded.

Control of Overbuying

It is my privilege to attend a weekly credit meeting similar to those held in many cities, at which representatives from larger stores and financial institutions get together to discuss a group of names of credit buyers. In spite of our progress towards credit control it is disturbing to discover from the list of names presented at these meetings how many customers are unnecessarily overloaded. Not only are the retailers guilty, but recently I note that the banks and loaning agencies are permitting

the same person to incur as many as four and five loans. I am happy to state, however, that there is a method now operating in our city, similar to that used elsewhere, whereby banks and loan companies can exchange complete information relative to those seeking to make loans in order to help curtail this pyramiding.

We are all familiar with the paraphrased New Testament quotation: "As ye sow, so shall ye reap." The finest example of the practical workings of this truth in credit work is found in Minneapolis and the splendid program of credit education they have conducted for nearly 25 years. It is not necessary for me to go into detail about their activities. We all know that Minneapolis has one of the highest collection percentages of any city in the country. In talking to any of their credit men and women they very frankly and cheerfully tell you this is due to their program of educating the people of Minneapolis on proper credit practices.

In the November Issue

- "Extending Credit to Men of Draft Age," by A. J. Worsdell, Associated Retail Credit Men and Credit Bureau of Greater New York
- "Collecting For Newspaper Advertising," by Richard H. Beach, Press-Telegram-Sun, Long Beach
- "Credit Cooperation," by L. S. Crowder, National Retail Credit Association, St. Louis
- "The Coupon Book—Building Sales and Controlling Credit," by J. E. Sullivan, Kahn's, Oakland
- "The Retailer and The National Defense Program" (Part 2), by Dr. David R. Craig, American Retail Federation, Washington

A Model Educational Program

While it is an old story to many of us, I would like to point out how their credit educational program is divided into the following five parts, because it embodies almost all the successful methods that have been used in credit education wherever such a program has been employed: 1. Newspaper advertising. 2. Returned goods advertising. 3. Delinquent list letters. 4. Talks before luncheon groups and civic clubs. 5. Contact

with the community life problems classes of the Minneapolis public schools and through them a majority of the High School students. I know it must be gratifying to the Minneapolis credit granters to see their program copied in many cities. For example, the May 25 issue of *Department Store Economist*, carried a story on what Birmingham is doing in the way of credit education. They are following very closely the same plans as those used in Minneapolis. A recent issue of the *Bulletin of the Retail Merchants Association of Texas* carries an interesting story of a similar program successfully undertaken by the Waco, Texas, bureau. Other cities, too numerous to mention, are conducting similar activities.

There were organized during 1939 and 1940 thirty-six new educational classes with an enrollment of 2,267, sponsored by the National Association. This, in addition to the 1938 and 1939 classes, makes a grand total of 6,963 persons who have attended retail credit classes conducted throughout our nation, in the last two years, under the auspices of local associations.

NRCA Educational Activities

Waldo J. Marra's book, *Streamlined Letters*, is now ready for distribution. Those who have read the outline of Mr. Marra's book have been high in their praise, and I feel that we can all add considerably to our knowledge of letter writing from this book. Dr. Phelps is now

writing a second book on Credit Management and it is our hope that it will be ready for use by the fall of 1941.

It is my belief that one of the finest steps toward wider public knowledge of good credit practice is the Association's new educational film "Credit, the Life of Business." Comment about this film has been very gratifying. It has already helped many smaller cities to get across a message in thirty minutes that thousands of words in bulletins could never accomplish. Credit bureau members who have seen the film are impressed with what the National Retail Credit Association and the Associated Credit Bureaus of America are doing toward credit educational work.

One of the excellent features of our Credit School Plan is that junior credit department employees are being prepared to step into the shoes of the credit executives. As one of America's business leaders once observed, "Every rise in the quality of work men do is followed swiftly and inevitably by a rise in the quality of the men who do it." If all the rest of our program of credit education were looked upon by retailers to be of no avail, and I am glad to say this is not the case, I am sure they would appreciate the efforts of locals and our National Association in helping train junior credit executives. Unfortunately in many retail businesses the educating and training of junior executives is sadly neglected. Because of this, I feel the response from this particular group has had a tremendous bearing on the ultimate successful results of our credit classes.

Value of District and National Conventions

There is another phase of credit education that cannot be omitted. I refer to the results and influence of our National Conventions and District Conferences. No one can attend the National and District meetings with an open mind to learn, without being a better credit manager. I know it has helped me a great deal. I have been able to learn of different collection procedures, and bookkeeping short-cuts, by having attended National and District meetings. The friendships I have cultivated from attending these meetings are priceless.

I believe there is one other step our National and Local Associations should give consideration to in our educational work. We have been preaching to the consumer to pay his bills promptly, but what can we do to set up workable formulas for guiding the purchaser in making his credit purchases and keeping them within his ability to pay? Then, too, how can the creditors in each locality be persuaded to cooperate in holding the customer to a sane credit purchasing program? In other words, a real practical community credit control.

Some isolated attempts have been made to set up a practical control for eliminating such credit overloading, but so far as I know none have met with the success hoped for. However, that is no proof that we should not continue our efforts in this direction. Here is a field of opportunity that we cannot ignore if we fulfill, not only our business, but our social responsibilities as credit executives and Credit Associations. *Let us see how we can, through our educational publicity, teach credit customers better buymanship.*

A Trip Through Historyland

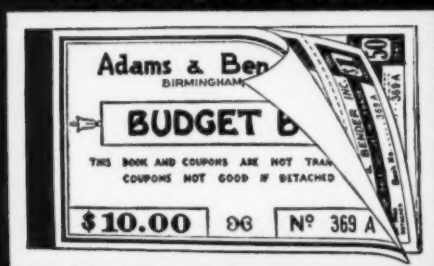
Plans for the 1941 special train to our 29th Annual International Credit Sales Forum to be held in New York City, June 16, 17, 18 and 19, 1941, are progressing nicely and we shall from time to time give some interesting sidelights on the trip. We have selected the New York Central and Chesapeake and Ohio Lines as the official route to Norfolk, Va., thence Eastern Steamship Line to New York. The Chesapeake and Ohio, known as the line on which you "Sleep Like a Kitten," is the scenic line of the East, as well as embracing the nation's "Historyland" of Colonial, Revolutionary, and Civil War days.

Our train will leave St. Louis where members from St. Louis and the Southwest will board it, stopping enroute at Indianapolis where we will be joined by our Chicago delegation, including the West and Northwest, then on to Cincinnati where we will be joined by our members from the southern and southeastern states. From this point we will have a special train via the Chesapeake and Ohio.

Early morning finds us at Richmond, Va., where we enjoy a stopover for a visit to St. Paul's Church, John Marshall's Home, Confederate Museum, Robert E. Lee residence, etc. We entrain again for Williamsburg, the seat of the first Colonial Capitol, one of the most interesting spots in our nation's history, which has been restored by the Rockefellers. Boarding our train again we travel to Norfolk, a famous seaport. Here we board a steamer for a nineteen hour sea voyage on the blue waters of the Atlantic. The next day we greet the Statue of Liberty and New York after a wonderful sail.

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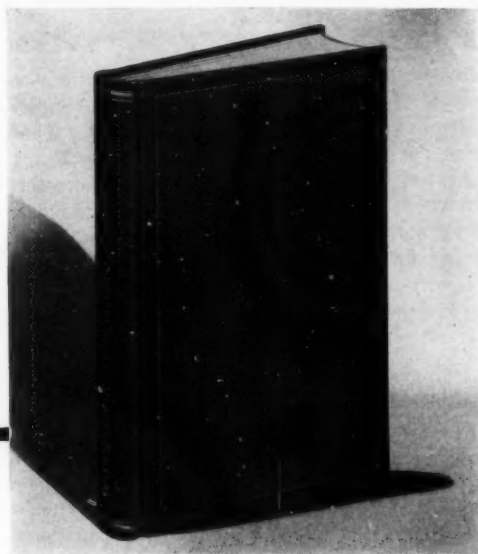
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A Book of Knowledge for Credit Schools

Retail
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Written expressly for the Educational Course of the National Retail Credit Association by Dr. Clyde William Phelps, Head of the Department of Economics of the University of Chattanooga.

EVERYTHING possible has been done to make this the finest textbook for retail credit study—the last word in books on retail credit. The text has been prepared under the direction of and in collaboration with your Educational Committee and other leading credit executives throughout the United States and Canada.

It represents the best thought of the best credit minds of North America. Dr. Phelps has spent several years in gathering the material which is used as the basis of this book.

Although primarily published by this Association for use in its Educational Course, this is a book which every credit executive, everyone interested in retail credit, should own and study. It is just as adaptable for home study and self-improvement as it is for class work. Read the Table of Contents. See how it covers every phase of credit and collection work. *Then order your copy.* You'll find it a veritable gold mine of ideas.

The book, "Retail Credit Fundamentals," is available to credit bureaus and credit associations, in lots of 25 or more for credit school purposes only, at \$2.25 per copy. Single copies may be ordered at \$4.00.

Write the National Office for our Brochure, "How to Organize and Conduct Credit Schools"—free on request

NATIONAL RETAIL CREDIT ASSOCIATION
1218 OLIVE STREET ST. LOUIS, MISSOURI

CREDIT FLASHES

Houston—Largest Unit in the South!

Houston, the largest city in the largest state, is also one of the largest Units in the National. This Association, organized in 1917, has held meetings every other week for the past 22 years, and for the past several years attendance has been between fifty and sixty. During the last two years, Houston has been the largest National Unit in the South, with a membership of 189 during 1939, and 223 in 1940, an increase of 34 this year. It is the home of our Past President, Leopold L. Meyer, and in 1921 the annual convention of the N.R.C.A. was held in that city. *More power to you, Houston!*

New York Bureau Publishes Prospectus

The Credit Bureau of Greater New York recently published a sixteen page prospectus which explains briefly the various services rendered by the Credit Bureau. Some of the items covered include: membership, territory covered, types of reports, cost of membership, trade clearance reports, out-of-town trade clearances, special reports, rush reports, private investigations, automatic service, weekly bulletin, collection department, etc.

Lincoln Store Sponsors Contest

Gold and Company, a leading department store in Lincoln, Neb., held a baby contest recently in which the public selected the winner. It was Mary Margaret Draver, fifteen-month-old daughter of Lawrence Draver, Credit Manager, Rudge & Guenzel Co.

Knoxville Credit Women Install Officers

The Credit Women's Breakfast Club of Knoxville, Tennessee, installed the following officers with a candle-light service at their September meeting: President, Elizabeth Price; Vice-President, Amy Glenn; Secretary, Mrs. Charles Henry; Treasurer, Elinor Boyd; and Corresponding Secretary, Mrs. Gertrude Hitch.



A candid camera shot by Dr. David B. Craig, President, American Retail Federation, of General Manager-Treasurer Crowder and Past President Ross, seated in a 1908 Ford, taken on arrival at San Antonio on June 16 to attend our annual convention.

Twelfth Boston Conference

The Twelfth Boston Conference on Distribution will be held at the Statler Hotel in Boston, Mass., October 7 and 8, 1940. These conferences are sponsored by the Retail Trade Board of the Boston Chamber of Commerce, in cooperation with various Universities throughout the United States. Many of the outstanding men and women in retailing will be on the program.

New Building for Spear & Company

The most modern and completely equipped retail furniture store in the country will be the new fourteen story home of Spear & Co., Pittsburgh, plans for which are now well under way. The new headquarters will be located at Wood Street and Sixth and Oliver Avenues, in the building formerly occupied by McCreery & Co.

In making the announcement, Nathaniel Spear, President, said: "In announcing preparations for the construction of a new fourteen story, thoroughly modern store for Spear & Company's Pittsburgh headquarters, let me point out that business has always made its greatest strides by using slow periods to make plans and preparations for the greater prosperity to follow. I have a firm belief in the basic economic soundness of the country, and in its future. We feel that Pittsburgh and the surrounding communities will be as proud of the new undertaking as we are, and the public will profit greatly by the stimulus to general trading throughout this section."

Institutes on Credit

The second biennial Institute on Credit under the sponsorship of the College of Commerce and Administration of Ohio State University, will be held at Columbus, November 1 and 2, 1940. First Vice-President, David D. Bolen will represent the National Office.

The first West Virginia Conference and Institute on Credit under the sponsorship of the Department of Economics and Business Administration of West Virginia University and the Associated Credit Bureaus of West Virginia, was held at Morgantown on September 26 and 27, 1940. The National Office was represented by General Manager-Treasurer Crowder.

Springer, President of Oil Group

At the San Antonio Convention, F. R. Springer of the Humble Oil & Refining Company, Houston, Texas, was elected President of the Southwest Petroleum Group, an organization made up of oil credit representatives of Texas, Oklahoma, Arkansas and Louisiana.

O'Brien Heads Sioux City Credit Group

A. M. O'Brien, credit manager, Davidson Bros., Sioux City, Iowa, was elected president of the Sioux City Retail Credit Association for the coming year. Also elected were: A. S. Nelson, Vice-President; and Wilfred Wilcox, Secretary-Treasurer. The board of directors will consist of: T. J. Asmus, E. S. Taft, Celius Newman, and Audrey Pitner.

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National in name... International in scope
GUARD YOUR CREDIT AS A SACRED TRUST
All credit applications checked through
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Map of Business Conditions



The Map

The industrial regions report the greatest advance over last year at this time, while the improvement in agricultural districts is somewhat less striking. The steel industry is operating at a high level and is supporting business activity in the regions around the Great Lakes, in Pennsylvania, and in Alabama. The demand for increased production of coal has also been an important factor in the rising volume of business.

Some slowing up in the textile industry and in shoe production has affected business in New England, but the declines have not been significant. Activity in most lines has been maintained at a relatively high rate.

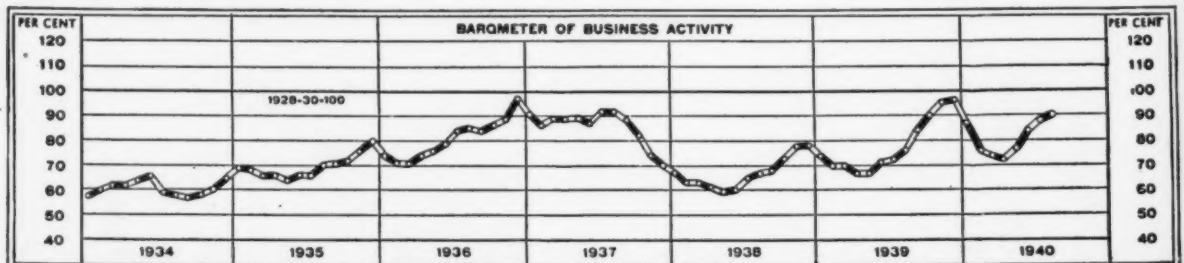
Throughout much of the South, business activity has made substantial progress, with increases in many industries more than offsetting some declines in others. Output of pig iron has been higher and consumption in the textile mills continues to surpass the rate of last year. Prospects for at least an average cotton crop have helped sustain confidence in the future rate of trade and industry.

Business is lagging somewhat in the agricultural regions in the Middle West. Crop prospects improved during the early

summer, but the decline in prices of livestock and grains has hampered trade. Expansion has been at a slower rate than in other sections of the country. The rise in prices during the latter part of June and the first part of July has recently stimulated activity and points toward the probability of further increases in the volume of trade.

In the Mountain States, several regions report better business. The rate of mining activity has been moving higher and will continue to expand as long as industrial demand calls for more raw materials. Along the Pacific Coast, significant increases have taken place in California and in the Pacific Northwest. In several industries, operations are at peak levels.

In Canada, both industrial and agricultural regions are experiencing a striking upturn in business activity. In most regions the increase over last year is somewhat greater than has been the increase in the United States. Exports of farm commodities remain high, and war demands for industrial products are important factors in sustaining this large volume of business.



This barometer appears in the October issue of "Nation's Business," published by the United States Chamber of Commerce.

The Barometer

Industrial activity was well maintained during August. Although gains were somewhat narrowed, the general trend continued mildly upward, lifting the Barometer chart line to the highest level since last December.



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